



Dave Yost • Auditor of State



VILLAGE OF ZALESKI  
VINTON COUNTY

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# Dave Yost • Auditor of State

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

To the Village Council:

## ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Zaleski, Vinton County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

## ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control 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 Qualified Opinion on Cash Basis of Accounting***

Charges for Services receipts are reported at \$442 and \$500 for the years ended December 31, 2014 and 2013, respectively, which are 22.0% of Zaleski School Memorial Park Fund receipts for the year ended December 31, 2014, and 19.5% of Zaleski School Memorial Park Fund receipts for the year ended December 31, 2013. Miscellaneous receipts are reported as \$1,555 and \$2,052 for the years ended December 31, 2014 and 2013, respectively, which are 77.6% of Zaleski School Memorial Park Fund receipts for the year ended December 31, 2014, and 80.1% of Zaleski School Memorial Park Fund receipts for the year ended December 31, 2013. As described in Finding 2014-006 in the accompanying Schedule of Findings, the Village did not maintain supporting documentation for 100% of the Zaleski School Memorial Park Fund Charges for Services receipts for 2014 or 2013. Additionally, the Village did not maintain supporting documentation for 71.7% and 82.9% of Zaleski School Memorial Park Fund Miscellaneous receipts for 2014 or 2013, respectively. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether any adjustments to these amounts were necessary.

Disbursements for the year ended December 31, 2014 are reported as \$14,836 in the General Fund, \$8,724 in the Fire Levy Fund, \$2,571 in the Zaleski School Memorial Park Fund, and \$16,340 in the Fire Contracts Fund. Disbursements for the year ended December 31, 2013 are reported as \$7,220 in the M&R Fund, \$22,613 in the Fire Levy Fund and \$19,541 in the Fire Contracts Fund. As described in Finding 2014-002 in the accompanying Schedule of Findings, the Village did not maintain supporting documentation for 17% of General Fund, 21% of Fire Levy Fund, 39% of Zaleski School Memorial Park Fund, and 59% of Fire Contracts Fund disbursements reported in 2014 and for 45% of M&R Fund, 53% of Fire Levy Fund, and 68% of Fire Contracts Fund disbursements reported in 2013. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether any adjustments to these amounts were necessary.

***Opinion***

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion on Cash Basis of Accounting* paragraphs, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, and each major fund of the Village of Zaleski, Vinton County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, M&R Fund, State Highway Fund, Street Repair Fund, Street Light Levy Fund, Fire Contracts Fund, Fire Levy Fund and Zaleski School Memorial Park Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2013, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to Management's Discussion & Analysis as listed in the Table of Contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2016, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 3, 2016

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**Village of Zaleski**  
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*Management's Discussion and Analysis*  
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This discussion and analysis of Village of Zaleski's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2014 and 2013, within the limitations of the Village's cash basis of accounting. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2014 are as follows:

Net position of governmental activities increased \$9,529 (6%) and net position of the business-type activities increased \$14,756 (14%) in 2014.

The Village's general cash receipts for governmental activities are primarily property taxes. These receipts represent 37 percent of the total cash received for governmental activities during 2014.

In the governmental funds, the fund with the most significant change in fund balance in 2014 was the Street Repair Fund with an increase in fund balance of \$7,797(79%).

Key highlights for 2013 are as follows:

Net position of governmental activities increased \$9,084 (6%) and net position of the business-type activity increased \$12,135 (13%) in 2013.

The Village's general cash receipts for governmental activities are primarily property taxes. These receipts represent 30 percent of the total cash received for governmental activities during 2013.

In the governmental funds, the fund with the most significant change in fund balance in 2013 was the Fire Levy Fund with a decrease in fund balance of \$16,488 (53%).

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

The government-wide financial statements consist of the statement of net position-cash basis and the statement of activities-cash basis which provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Village as a Whole**

The statement of net position-cash basis and the statement of activities-cash basis reflect how the Village did financially during 2014 and 2013, within the limitations of the cash basis of accounting. The statement of net position-cash basis presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities-cash basis compares cash disbursements with program cash receipts for each program. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program cash receipts. The comparison of cash disbursements with program cash receipts identifies how each function draws from the Village's general cash receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activity:

Governmental Activities - Most of the Village's basic services are reported here. State and federal grants and property and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Village's Water Fund and Sewer Fund are reported as business-type activities.

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**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds - The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2014 and 2013, the Village's major governmental funds are the General Fund, M & R Fund, State Highway Fund, Street Repair Fund, Street Light Levy Fund, Fire Contracts Fund, Fire Levy Fund, and the Zaleski School Memorial Park Fund. For 2014 and 2013, the Village had no non-major governmental funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds - Proprietary funds use the same basis of accounting as the business-type activities; therefore, these statements will essentially match.

**The Village as a Whole**

Table 1 provides a summary of the Village's net position for 2014 compared to 2013 and 2013 compared to 2012 on a cash basis:

(Table 1)

	<b>Net Position</b>					
	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	<u>\$ 174,599</u>	<u>\$ 165,070</u>	<u>\$ 120,834</u>	<u>\$ 106,078</u>	<u>\$ 295,433</u>	<u>\$ 271,148</u>
Net Position						
Restricted for:						
Other Purposes	\$ 167,629	\$ 159,044	\$ -	\$ -	\$ 167,629	\$ 159,044
Unrestricted	<u>6,970</u>	<u>6,026</u>	<u>120,834</u>	<u>106,078</u>	<u>127,804</u>	<u>112,104</u>
Total Net Position	<u>\$ 174,599</u>	<u>\$ 165,070</u>	<u>\$ 120,834</u>	<u>\$ 106,078</u>	<u>\$ 295,433</u>	<u>\$ 271,148</u>

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	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Assets						
Equity in Pooled Cash and Cash Equivalents	<u>\$ 165,070</u>	<u>\$ 155,986</u>	<u>\$ 106,078</u>	<u>\$ 93,943</u>	<u>\$ 271,148</u>	<u>\$ 249,929</u>
Net Position						
Restricted for:						
Other Purposes	\$ 159,044	\$ 153,497	\$ -	\$ -	\$ 159,044	\$ 153,497
Unrestricted	<u>6,026</u>	<u>2,489</u>	<u>106,078</u>	<u>93,943</u>	<u>112,104</u>	<u>96,432</u>
Total Net Position	<u>\$ 165,070</u>	<u>\$ 155,986</u>	<u>\$ 106,078</u>	<u>\$ 93,943</u>	<u>\$ 271,148</u>	<u>\$ 249,929</u>

As mentioned previously, net position of governmental activities increased \$9,529 and the business-type activities increased \$14,756 during 2014. These increases are due to cash receipts exceeding cash disbursements for the year. Net position of governmental activities increased \$9,084 and the business-type activity increased \$12,135 during 2013. These increases are due to cash receipts exceeding cash disbursements for the year.

Table 2 reflects the changes in net position for 2014 compared to 2013 and 2013 compared to 2012:

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(Table 2)  
**Change in Net Position**

	Governmental Activities 2014	Business-Type Activity 2014	Governmental Activities 2013	Business-Type Activity 2013
Cash Receipts:				
Program Cash Receipts:				
Charges for Services and Sales	\$ 7,342	\$ 73,399	\$ 7,400	\$ 79,215
Operating Grants and Contributions	25,784	-	32,013	-
Capital Grants and Contributions	-	1,583,089	-	-
<b>Total Program Cash Receipts</b>	<b>33,126</b>	<b>1,656,488</b>	<b>39,413</b>	<b>79,215</b>
General Cash Receipts:				
Property Taxes	27,786	-	24,563	-
Grants and Entitlements Not Restricted to Specific Programs	11,069	-	11,031	-
Proceeds from Debt	-	1,836,918	-	57,320
Interest	163	188	189	118
Miscellaneous	2,185	-	7,052	-
<b>Total General Cash Receipts</b>	<b>41,203</b>	<b>1,837,106</b>	<b>42,835</b>	<b>57,438</b>
<b>Total Cash Receipts</b>	<b>74,329</b>	<b>3,493,594</b>	<b>82,248</b>	<b>136,653</b>
Cash Disbursements:				
General Government	19,786	-	19,421	-
Security of Persons and Property	25,064	-	30,204	-
Leisure Time Activities	2,571	-	2,205	-
Basic Utility Services	1,593	-	1,602	-
Transportation	15,786	-	7,782	-
Water	-	55,715	-	57,794
Sewer	-	3,423,123	-	66,724
Capital Outlay	-	-	11,950	-
<b>Total Cash Disbursements</b>	<b>64,800</b>	<b>3,478,838</b>	<b>73,164</b>	<b>124,518</b>
<b>Increase in Net Position</b>	<b>9,529</b>	<b>14,756</b>	<b>9,084</b>	<b>12,135</b>
Net Position, January 1	165,070	106,078	155,986	93,943
<b>Net Position, December 31</b>	<b>\$ 174,599</b>	<b>\$ 120,834</b>	<b>\$ 165,070</b>	<b>\$ 106,078</b>

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	Governmental Activities 2013	Business-Type Activity 2013	Governmental Activities 2012	Business-Type Activity 2012
Cash Receipts:				
Program Cash Receipts:				
Charges for Services and Sales	\$ 7,400	\$ 79,215	\$ 9,603	\$ 62,275
Operating Grants and Contributions	32,013	-	27,071	-
<b>Total Program Cash Receipts</b>	<b>39,413</b>	<b>79,215</b>	<b>36,674</b>	<b>62,275</b>
General Cash Receipts:				
Property Taxes	24,563	-	24,698	-
Grants and Entitlements Not Restricted to Specific Programs	11,031	-	4,270	-
Proceeds from Debt	-	57,320	-	11,706
Interest	189	118	226	126
Miscellaneous	7,052	-	1,215	6,361
<b>Total General Cash Receipts</b>	<b>42,835</b>	<b>57,438</b>	<b>30,409</b>	<b>18,193</b>
<b>Total Cash Receipts</b>	<b>82,248</b>	<b>136,653</b>	<b>67,083</b>	<b>80,468</b>
Cash Disbursements:				
General Government	19,421	-	21,614	-
Security of Persons and Property	30,204	-	15,072	-
Leisure Time Activities	2,205	-	1,652	-
Basic Utility Services	1,602	-	2,003	-
Transportation	7,782	-	13,256	-
Water	-	57,794	-	77,964
Sewer	-	66,724	-	-
Capital Outlay	11,950	-	-	-
<b>Total Cash Disbursements</b>	<b>73,164</b>	<b>124,518</b>	<b>53,597</b>	<b>77,964</b>
 Increase in Net Position	 9,084	 12,135	 13,486	 2,504
 Net Position, January 1	 155,986	 93,943	 142,500	 91,439
<b>Net Position, December 31</b>	<b>\$ 165,070</b>	<b>\$ 106,078</b>	<b>\$ 155,986</b>	<b>\$ 93,943</b>

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For 2014:

Program cash receipts represent 45 percent of total receipts for governmental activities and 47 percent of total receipts for the business-type activity and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money for governmental activities and charges for services and capital grants for the business-type activities. Operating grants and contributions decreased due to a Fire Marshall grant that was received in 2013 and not in 2014. Charges for services decreased for business-type activities as a result of a decrease in tap fees and water sales during the fiscal year. Capital grants increased due to funding for the construction of a wastewater treatment system.

General receipts represent 55 percent of the Village's governmental activities total receipts and 53 percent of the Village's business-type activity's total receipts. Local taxes account for 67 percent of the Village's governmental activities general cash receipts. The increase in proceeds from the OWDA loan within business-type activities is due to the Village receiving revenue from a loan during the current year for the construction of a waste water treatment system. Miscellaneous revenue decreased as a result of a decrease in donations received for the Zaleski School Memorial Park program and miscellaneous receipts received in the Fire Contract program. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, as well as internal services such as payroll and purchasing. Security of persons and property decreased as a result of decreased monies received. Transportation disbursements increased as more maintenance and repairs were performed on the Village roads in 2014.

For 2013:

Program cash receipts represent 48 percent of total receipts for governmental activities and 58 percent of total receipts for the business-type activity and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money for governmental activities and charges for services for the business-type activity. Operating grants and contributions increased due to monies received from a Fire Marshall grant. Charges for services increased for business-type activities as a result of a 3% rate increase during 2013.

General receipts represent 52 percent of the Village's governmental activities total receipts and 42 percent of the Village's business-type activity's total receipts. Local taxes account for 57 percent of the Village's governmental activities general cash receipts. The increase in proceeds from the OWDA loan within business-type activities is due to the Village receiving more revenue from a loan during the current year than in the prior year. Miscellaneous revenue increased as a result of donations received in the Zaleski School Memorial Park program and miscellaneous receipts received in the Fire Contract program. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, as well as internal services such as payroll and purchasing. Security of persons and property increased as a result of increased monies received. Transportation disbursements decreased as fewer road projects were completed in 2013.

### **Governmental Activities**

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and security of persons and property, which account for 31 and 39 percent of all governmental disbursements, respectively in 2014 and which account for 27 and 41 percent of all governmental disbursements, respectively in 2013. The next column of the Statement entitled Program Cash Receipts identifies amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the

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program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>		<b>Governmental Activities</b>		<b>Governmental Activities</b>	
	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	Of Services	Of Services	Of Services	Of Services	Of Services	Of Services
	2014	2014	2013	2013	2012	2012
General Government	\$ 19,786	\$ 18,444	\$ 19,421	\$ 17,138	\$ 21,614	\$ 7,470
Security of Persons and Property	25,064	12,385	30,204	12,160	15,072	4,193
Leisure Time Activities	2,571	2,121	2,205	1,695	1,652	460
Basic Utility Services	1,593	1,593	1,602	1,602	2,003	767
Transportation	15,786	(2,869)	7,782	(10,794)	13,256	4,033
Capital Outlay	0	0	11,950	11,950	-	-
<b>Total Cash Disbursements</b>	<b>\$ 64,800</b>	<b>\$ 31,674</b>	<b>\$ 73,164</b>	<b>\$ 33,751</b>	<b>\$ 53,597</b>	<b>\$ 16,923</b>

  

	<b>Business-Type Activities</b>		<b>Business-Type Activities</b>		<b>Business-Type Activity</b>	
	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services	of Services	of Services
	2014	2014	2013	2013	2012	2012
Water	\$ 55,715	\$ (1,655)	\$ 57,794	\$ (6,789)	\$ 77,964	\$ 15,689
Sewer	3,423,123	1,824,005	66,724	52,092	-	-
<b>Total Cash Disbursements</b>	<b>\$ 3,478,838</b>	<b>\$ 1,822,350</b>	<b>\$ 124,518</b>	<b>\$ 45,303</b>	<b>\$ 77,964</b>	<b>\$ 15,689</b>

**The Village's Funds**

In 2014, total governmental funds had receipts of \$74,329 and disbursements of \$64,800. The greatest changes within governmental funds occurred within the Street Repair and the Street Light Levy Fund. The fund balance of the Street Repair Fund increased \$7,797 due to cash receipts exceeding cash disbursements during 2014. The Street Light Levy Fund increased by \$5,767 due to a decrease in expenditures. The General Fund, M&R Fund, and State Highway Fund showed increases in fund balances of \$944, \$1,252, and \$1,268, respectively. The Fire Contracts Fund, Fire Levy Fund and Zaleski Memorial Park showed decreases in fund balances of \$4,880, \$2,053 and \$566, respectively.

In 2013, total governmental funds had receipts of \$82,248 and disbursements of \$73,164. The greatest changes within governmental funds occurred within the M&R Fund and the Fire Levy Fund. The fund balance of the M&R Fund increased \$8,387 due to cash receipts exceeding cash disbursements during 2013. The Fire Levy Fund decreased by \$16,488 due to the purchase of a new fire truck during 2013. The General Fund, State Highway Fund, Street Repair Fund, Street Light Levy, Fire Contracts Fund, and the Zaleski School Memorial Park Fund showed increases in fund balances of \$3,537, \$1,277, \$7,854, \$2,903, \$1,257, and \$357, respectively.

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**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the course of fiscal year 2014 and fiscal year 2013 the Village did not amend its budget for receipts or disbursements. The Village uses fund budgeting and the budgeting systems are designed to tightly control the total funds' budget.

For 2014, General Fund actual receipts were \$15,780, which was \$2,950 over final budgeted receipts with the majority of the difference being in intergovernmental receipts. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2014 were \$14,836, which was \$4,269 less than final budgeted disbursements, with the majority of the difference being in general government.

For 2013, General Fund actual receipts were \$15,944, which was \$5,031 over final budgeted receipts with the majority of the difference being in intergovernmental receipts. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2013 were \$12,407, which was \$1,700 less than final budgeted disbursements, with the majority of the difference being in general government.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure. Any payments for these types of outlays are recorded as disbursements in the financial statements. During 2014, the Village had \$0 in capital outlay disbursements in governmental funds and \$1,625,451 in capital outlay disbursements in proprietary funds. During 2013, the Village had \$11,950 in capital outlay disbursements in governmental funds and \$62,657 in capital outlay disbursements in proprietary funds.

**Debt**

At December 31, 2014, the Village's outstanding debt totaled \$307,929. At December 31, 2013, the Village's outstanding debt totaled \$256,700. For further information regarding the Village's debt, refer to Note 6 to the basic financial statements.

**Current Financial Related Activities**

As the preceding information shows, the Village heavily depends on its taxpayers. Financially the future is not without challenges so the Village will have to contain costs and maintain strict control over expenditures.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sheryl Goble, Fiscal Officer, Village of Zaleski, P.O. Box 176, Zaleski, Ohio 45651.

**Village of Zaleski**  
**Vinton County**  
*Statement of Net Position - Cash Basis*  
*As of December 31, 2014*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 174,599	\$ 120,834	\$ 295,433
<i>Total Assets</i>	<u>\$ 174,599</u>	<u>\$ 120,834</u>	<u>\$ 295,433</u>
<b>Net Position</b>			
Restricted for:			
Maintenance and Repair	\$ 64,757	\$ -	\$ 64,757
State Highway	21,092	-	21,092
Street Repair	17,713	-	17,713
Street Light Levy	31,007	-	31,007
Fire Contracts	11,980	-	11,980
Fire Levy	12,677	-	12,677
Zaleski School Memorial Park	8,403	-	8,403
Unrestricted	6,970	120,834	127,804
<i>Total Net Position</i>	<u>\$ 174,599</u>	<u>\$ 120,834</u>	<u>\$ 295,433</u>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2014

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 19,786	\$ -	\$ 1,342	\$ -	\$ (18,444)	\$ -	\$ (18,444)
Security of Persons and Property	25,064	6,900	5,779	-	(12,385)	-	(12,385)
Leisure Time Activities	2,571	442	8	-	(2,121)	-	(2,121)
Basic Utility Services	1,593	-	-	-	(1,593)	-	(1,593)
Transportation	15,786	-	18,655	-	2,869	-	2,869
<i>Total Governmental Activities</i>	64,800	7,342	25,784	0	(31,674)	-	(31,674)
<b>Business-Type Activities</b>							
Water	55,715	57,370	-	-	-	1,655	1,655
Sewer	3,423,123	16,029	-	1,583,089	-	(1,824,005)	(1,824,005)
<i>Total Business-Type Activities</i>	3,478,838	73,399	-	1,583,089	-	(1,822,350)	(1,822,350)
<b>Total</b>	<b>\$ 3,543,638</b>	<b>\$ 80,741</b>	<b>\$ 25,784</b>	<b>\$ 1,583,089</b>	<b>(31,674)</b>	<b>(1,822,350)</b>	<b>(1,854,024)</b>
General Cash Receipts							
Property Taxes Levied for:							
					3,918	-	3,918
					23,868	-	23,868
					11,069	-	11,069
Grants and Entitlements not Restricted to Specific Programs							
					-	1,836,918	1,836,918
Proceeds from OWDA Loan							
					163	188	351
Interest							
					2,185	-	2,185
Miscellaneous							
<i>Total General Cash Receipts</i>					41,203	1,837,106	1,878,309
Change in Net Position					9,529	14,756	24,285
<i>Net Position Beginning of Year</i>					165,070	106,078	271,148
<i>Net Position End of Year</i>					<b>\$ 174,599</b>	<b>\$ 120,834</b>	<b>\$ 295,433</b>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2014*

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	General	M&R	State Highway	Street Repair
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 6,970	\$ 64,757	\$ 21,092	\$ 17,713
<i>Total Assets</i>	<u>\$ 6,970</u>	<u>\$ 64,757</u>	<u>\$ 21,092</u>	<u>\$ 17,713</u>
<b>Fund Balances</b>				
Restricted	\$ -	\$ 64,757	\$ 21,092	\$ 17,713
Assigned	6,970	-	-	-
<i>Total Fund Balances</i>	<u>\$ 6,970</u>	<u>\$ 64,757</u>	<u>\$ 21,092</u>	<u>\$ 17,713</u>

See accompanying notes to the basic financial statements.

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<u>Street Light Levy</u>	<u>Fire Contracts</u>	<u>Fire Levy</u>	<u>Zaleski School Memorial Park</u>	<u>Total Governmental Funds</u>
\$ 31,007	\$ 11,980	\$ 12,677	\$ 8,403	\$ 174,599
<u>\$ 31,007</u>	<u>\$ 11,980</u>	<u>\$ 12,677</u>	<u>\$ 8,403</u>	<u>\$ 174,599</u>
\$ 31,007	\$ 11,980	\$ 12,677	\$ 8,403	\$ 167,629
-	-	-	-	6,970
<u>\$ 31,007</u>	<u>\$ 11,980</u>	<u>\$ 12,677</u>	<u>\$ 8,403</u>	<u>\$ 174,599</u>

**Village of Zaleski**  
**Vinton County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2014*

	General	M & R	State Highway	Street Repair
<b>Receipts</b>				
Property Taxes	\$ 3,918	\$ -	\$ -	\$ 7,448
Charges for Services	-	-	-	-
Intergovernmental	11,069	15,635	1,268	1,752
Interest	163	-	-	-
Miscellaneous	630	-	-	-
<i>Total Receipts</i>	<u>15,780</u>	<u>15,635</u>	<u>1,268</u>	<u>9,200</u>
<b>Disbursements</b>				
Current:				
General Government	13,243	-	-	-
Security of Persons and Property	-	-	-	-
Leisure Time Activities	-	-	-	-
Basic Utility Services	1,593	-	-	-
Transportation	-	14,383	-	1,403
<i>Total Disbursements</i>	<u>14,836</u>	<u>14,383</u>	<u>-</u>	<u>1,403</u>
<i>Net Change in Fund Balances</i>	944	1,252	1,268	7,797
<i>Fund Balances Beginning of Year</i>	<u>6,026</u>	<u>63,505</u>	<u>19,824</u>	<u>9,916</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,970</u>	<u>\$ 64,757</u>	<u>\$ 21,092</u>	<u>\$ 17,713</u>

See accompanying notes to the basic financial statements.

Street Light Levy	Fire Contracts	Fire Levy	Zaleski School Memorial Park	Total Governmental Funds
\$ 10,968	\$ -	\$ 5,452	\$ -	\$ 27,786
-	6,900	-	442	7,342
1,342	4,560	1,219	-	36,845
-	-	-	8	171
-	-	-	1,555	2,185
<u>12,310</u>	<u>11,460</u>	<u>6,671</u>	<u>2,005</u>	<u>74,329</u>
6,543	-	-	-	19,786
-	16,340	8,724	-	25,064
-	-	-	2,571	2,571
-	-	-	-	1,593
-	-	-	-	15,786
<u>6,543</u>	<u>16,340</u>	<u>8,724</u>	<u>2,571</u>	<u>64,800</u>
5,767	(4,880)	(2,053)	(566)	9,529
<u>25,240</u>	<u>16,860</u>	<u>14,730</u>	<u>8,969</u>	<u>165,070</u>
<u>\$ 31,007</u>	<u>\$ 11,980</u>	<u>\$ 12,677</u>	<u>\$ 8,403</u>	<u>\$ 174,599</u>

**Village of Zaleski**  
**Vinton County**  
*Statements of Receipts, Disbursements and Changes*  
*In Fund Balances - Budget and Actual - Budgetary Basis*  
*For the Year Ended December 31, 2014*

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$ 4,084	\$ 4,084	\$ 3,918	\$ (166)
Intergovernmental	8,078	8,078	11,069	2,991
Interest	132	132	163	31
Miscellaneous	536	536	630	94
Total Receipts	12,830	12,830	15,780	2,950
<u>Disbursements:</u>				
General Government	17,504	17,504	13,243	4,261
Basic Utility Services	1,601	1,601	1,593	8
Total Disbursements	19,105	19,105	14,836	4,269
Net Change in Fund Balance	(6,275)	(6,275)	944	7,219
Fund Balance Beginning of Year	6,026	6,026	6,026	-
Fund Balance End of Year	\$ (249)	\$ (249)	\$ 6,970	\$ 7,219

	M & R Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$ 17,000	\$ 17,000	\$ 15,635	\$ (1,365)
Total Receipts	17,000	17,000	15,635	(1,365)
<u>Disbursements:</u>				
Transportation	82,137	82,137	14,383	67,754
Net Change in Fund Balance	(65,137)	(65,137)	1,252	66,389
Fund Balance Beginning of Year	63,505	63,505	63,505	-
Fund Balance End of Year	\$ (1,632)	\$ (1,632)	\$ 64,757	\$ 66,389

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statements of Receipts, Disbursements and Changes*  
*In Fund Balances - Budget and Actual -Budgetary Basis*  
*For the Year Ended December 31, 2014*

	State Highway Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$ 1,400	\$ 1,400	\$ 1,268	\$ (132)
<u>Disbursements:</u>				
Transportation	21,356	21,356	-	21,356
Net Change in Fund Balance	(19,956)	(19,956)	1,268	21,224
Fund Balance Beginning of Year	19,824	19,824	19,824	-
Fund Balance End of Year	<u>\$ (132)</u>	<u>\$ (132)</u>	<u>\$ 21,092</u>	<u>\$ 21,224</u>
	Street Repair Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$ 7,237	\$ 7,237	\$ 7,448	\$ 211
Intergovernmental	105	105	1,752	1,647
Total Receipts	7,342	7,342	9,200	1,858
<u>Disbursements:</u>				
Transportation	17,163	17,163	1,403	15,760
Net Change in Fund Balance	(9,821)	(9,821)	7,797	17,618
Fund Balance Beginning of Year	9,916	9,916	9,916	-
Fund Balance End of Year	<u>\$ 95</u>	<u>\$ 95</u>	<u>\$ 17,713</u>	<u>\$ 17,618</u>
	Street Light Levy Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$ 10,143	\$ 10,143	\$ 10,968	\$ 825
Intergovernmental	151	151	1,342	1,191
Total Receipts	10,294	10,294	12,310	2,016
<u>Disbursements:</u>				
General Government	35,437	35,437	7,075	28,362
Net Change in Fund Balance	(25,143)	(25,143)	5,235	30,378
Fund Balance Beginning of Year	25,240	25,240	25,240	-
Fund Balance End of Year	<u>\$ 97</u>	<u>\$ 97</u>	<u>\$ 30,475</u>	<u>\$ 30,378</u>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statements of Receipts, Disbursements and Changes*  
*In Fund Balances - Budget and Actual -Budgetary Basis*  
*For the Year Ended December 31, 2014*

	Fire Contracts Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$ 3,223	\$ 3,223	\$ 4,560	\$ 1,337
Charges for Services	4,877	4,877	6,900	2,023
Total Receipts	8,100	8,100	11,460	3,360
<u>Disbursements:</u>				
Security of Persons and Property	24,960	24,960	17,739	7,221
Net Change in Fund Balance	(16,860)	(16,860)	(6,279)	10,581
Fund Balance Beginning of Year	16,860	16,860	16,860	-
Fund Balance End of Year	\$ -	\$ -	\$ 10,581	\$ 10,581

	Fire Levy Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$ 5,267	\$ 5,267	\$ 5,452	\$ 185
Intergovernmental	83	83	1,219	1,136
Total Receipts	5,350	5,350	6,671	1,321
<u>Disbursements:</u>				
Security of Persons and Property	20,002	20,002	10,657	9,345
Net Change in Fund Balance	(14,652)	(14,652)	(3,986)	10,666
Fund Balance Beginning of Year	14,730	14,730	14,730	-
Fund Balance End of Year	\$ 78	\$ 78	\$ 10,744	\$ 10,666

	Zaleski School Memorial Park Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Interest	\$ 13	\$ 13	\$ 8	\$ (5)
Charges for Services	702	702	442	(260)
Miscellaneous	2,785	2,785	1,555	(1,230)
Total Receipts	3,500	3,500	2,005	(1,495)
<u>Disbursements:</u>				
Leisure Time Activities	12,469	12,469	2,940	9,529
Net Change in Fund Balance	(8,969)	(8,969)	(935)	8,034
Fund Balance Beginning of Year	8,969	8,969	8,969	-
Fund Balance End of Year	\$ -	\$ -	\$ 8,034	\$ 8,034

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*As of December 31, 2014*

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	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 71,368	\$ 49,466	\$ 120,834
<i>Total Assets</i>	<u>\$ 71,368</u>	<u>\$ 49,466</u>	<u>\$ 120,834</u>
<b>Fund Net Position</b>	<u>\$ 71,368</u>	<u>\$ 49,466</u>	<u>\$ 120,834</u>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
For the Year Ended December 31, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Receipts</b>			
Charges for Services	\$ 57,370	\$ 16,029	\$ 73,399
<i>Total Operating Receipts</i>	<u>57,370</u>	<u>16,029</u>	<u>73,399</u>
<b>Operating Disbursements</b>			
Personal Services	32,095	13,907	46,002
Supplies and Materials	13,381	242	13,623
Utilities	4,625	0	4,625
Other	179	434	613
<i>Total Operating Disbursements</i>	<u>50,280</u>	<u>14,583</u>	<u>64,863</u>
<i>Excess of Operating Receipts Over (Under) Operating Disbursements</i>	7,090	1,446	8,536
<b>Non-Operating Receipts (Disbursements)</b>			
Principal	(2,600)	(1,783,089)	(1,785,689)
Interest and Fiscal Charges	(2,835)	0	(2,835)
Capital Outlay		(1,625,451)	
Proceeds from OWDA Loan	0	1,836,918	1,836,918
Intergovernmental	0	1,583,089	1,583,089
Interest	94	94	188
<i>Total Non-Operating Receipts and Disbursements</i>	(5,341)	11,561	1,631,671
<i>Change in Net Position</i>	1,749	13,007	1,640,207
<i>Net Position Beginning of Year</i>	<u>69,619</u>	<u>36,459</u>	<u>106,078</u>
<i>Net Position End of Year</i>	<u>\$ 71,368</u>	<u>\$ 49,466</u>	<u>\$ 120,834</u>

See accompanying notes to the basic financial statements.

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**Village of Zaleski**  
**Vinton County**  
*Statement of Net Position - Cash Basis*  
*As of December 31 ,2013*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 165,070	\$ 106,078	\$ 271,148
<i>Total Assets</i>	<i>\$ 165,070</i>	<i>\$ 106,078</i>	<i>\$ 271,148</i>
 <b>Net Position</b>			
Restricted for:			
Maintenance and Repair	\$ 63,505	\$ -	\$ 63,505
State Highway	19,824	-	19,824
Street Repair	9,916	-	9,916
Street Light Levy	25,240	-	25,240
Fire Contracts	16,860	-	16,860
Fire Levy	14,730	-	14,730
Zaleski School Memorial Park	8,969	-	8,969
Unrestricted	6,026	106,078	112,104
<i>Total Net Positon</i>	<i>\$ 165,070</i>	<i>\$ 106,078</i>	<i>\$ 271,148</i>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2013*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General Government	\$ 19,421	\$ -	\$ 2,283	\$ (17,138)	\$ -	\$ (17,138)
Security of Persons and Property	30,204	6,900	11,144	(12,160)	-	(12,160)
Leisure Time Activities	2,205	500	10	(1,695)	-	(1,695)
Basic Utility Services	1,602	-	-	(1,602)	-	(1,602)
Transportation	7,782	-	18,576	10,794	-	10,794
Capital Outlay	11,950	-	-	(11,950)	-	(11,950)
<i>Total Governmental Activities</i>	73,164	7,400	32,013	(33,751)	-	(33,751)
<b>Business-Type Activity</b>						
Water	57,794	64,583	-	-	6,789	6,789
Water	66,724	14,632	-	-	(52,092)	(52,092)
<i>Total Business-Type Activities</i>	124,518	79,215	-	-	(45,303)	(45,303)
<b>Total</b>	<b>\$ 197,682</b>	<b>\$ 86,615</b>	<b>\$ 32,013</b>	<b>(33,751)</b>	<b>(45,303)</b>	<b>(79,054)</b>
General Cash Receipts						
Property Taxes Levied for:						
General Purposes				3,622	-	3,622
Other Purposes				20,941	-	20,941
Grants and Entitlements not Restricted to Specific Programs				11,031	-	11,031
Proceeds from OWDA Loan				-	57,320	57,320
Interest				189	118	307
Miscellaneous				7,052	-	7,052
<i>Total General Cash Receipts</i>				42,835	57,438	100,273
Change in Net Position				9,084	12,135	21,219
<i>Net Position Beginning of Year</i>				155,986	93,943	249,929
<i>Net Position End of Year</i>				<u>\$ 165,070</u>	<u>\$ 106,078</u>	<u>\$ 271,148</u>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2013*

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	General	M&R	State Highway	Street Repair
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 6,026	\$ 63,505	\$ 19,824	\$ 9,916
<i>Total Assets</i>	<u>\$ 6,026</u>	<u>\$ 63,505</u>	<u>\$ 19,824</u>	<u>\$ 9,916</u>
<b>Fund Balances</b>				
Restricted	\$ -	\$ 63,505	\$ 19,824	\$ 9,916
Assigned	6,026			
<i>Total Fund Balances</i>	<u>\$ 6,026</u>	<u>\$ 63,505</u>	<u>\$ 19,824</u>	<u>\$ 9,916</u>

See accompanying notes to the basic financial statements.

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Street Light Levy	Fire Contracts	Fire Levy	Zaleski School Memorial Park	Total Governmental Funds
\$ 25,240	\$ 16,860	\$ 14,730	\$ 8,969	\$ 165,070
<u>\$ 25,240</u>	<u>\$ 16,860</u>	<u>\$ 14,730</u>	<u>\$ 8,969</u>	<u>\$ 165,070</u>
\$ 25,240	\$ 16,860	\$ 14,730	\$ 8,969	\$ 159,044
<u>\$ 25,240</u>	<u>\$ 16,860</u>	<u>\$ 14,730</u>	<u>\$ 8,969</u>	6,026
<u>\$ 25,240</u>	<u>\$ 16,860</u>	<u>\$ 14,730</u>	<u>\$ 8,969</u>	<u>\$ 165,070</u>

**Village of Zaleski**  
**Vinton County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 21, 2013*

	General	M & R	State Highway	Street Repair
<b>Receipts</b>				
Property Taxes	\$ 3,622	\$ -	\$ -	\$ 6,724
Charges for Services	-	-	-	-
Intergovernmental	11,031	15,607	1,277	1,692
Interest	189	-	-	-
Miscellaneous	1,102	-	-	-
<i>Total Receipts</i>	<u>15,944</u>	<u>15,607</u>	<u>1,277</u>	<u>8,416</u>
<b>Disbursements</b>				
Current:				
General Government	10,805	-	-	-
Security of Persons and Property	-	-	-	-
Leisure Time Activities	-	-	-	-
Basic Utility Services	1,602	-	-	-
Transportation	-	7,220	-	562
Capital Outlay	-	-	-	-
<i>Total Disbursements</i>	<u>12,407</u>	<u>7,220</u>	<u>-</u>	<u>562</u>
<i>Net Change in Fund Balances</i>	3,537	8,387	1,277	7,854
<i>Fund Balances Beginning of Year</i>	<u>2,489</u>	<u>55,118</u>	<u>18,547</u>	<u>2,062</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,026</u>	<u>\$ 63,505</u>	<u>\$ 19,824</u>	<u>\$ 9,916</u>

See accompanying notes to the basic financial statements.

Street Light Levy	Fire Contracts	Fire Levy	Zaleski School Memorial Park	Total Governmental Funds
\$ 9,236	\$ -	\$ 4,981	\$ -	\$ 24,563
-	6,900	-	500	7,400
2,283	10,000	1,144	-	43,034
-	-	-	10	199
-	3,898	-	2,052	7,052
<u>11,519</u>	<u>20,798</u>	<u>6,125</u>	<u>2,562</u>	<u>82,248</u>
8,616	-	-	-	19,421
-	19,541	10,663	-	30,204
-	-	-	2,205	2,205
-	-	-	-	1,602
-	-	-	-	7,782
-	-	11,950	-	11,950
<u>8,616</u>	<u>19,541</u>	<u>22,613</u>	<u>2,205</u>	<u>73,164</u>
2,903	1,257	(16,488)	357	9,084
<u>22,337</u>	<u>15,603</u>	<u>31,218</u>	<u>8,612</u>	<u>155,986</u>
<u>\$ 25,240</u>	<u>\$ 16,860</u>	<u>\$ 14,730</u>	<u>\$ 8,969</u>	<u>\$ 165,070</u>

**Village of Zaleski**  
**Vinton County**  
*Statements of Receipts, Disbursements and Changes*  
*In Fund Balances - Budget and Actual - Budgetary Basis*  
*For the Year Ended December 31, 2013*

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$ 2,837	\$ 2,837	\$ 3,622	\$ 785
Intergovernmental	7,161	7,161	11,031	3,870
Interest	139	139	189	50
Miscellaneous	776	776	1,102	326
Total Receipts	10,913	10,913	15,944	5,031
<u>Disbursements:</u>				
General Government	11,907	11,907	10,805	1,102
Basic Utility Services	2,200	2,200	1,602	598
Total Disbursements	14,107	14,107	12,407	1,700
Net Change in Fund Balance	(3,194)	(3,194)	3,537	6,731
Fund Balance Beginning of Year	2,489	2,489	2,489	-
Fund Balance End of Year	<u>\$ (705)</u>	<u>\$ (705)</u>	<u>\$ 6,026</u>	<u>\$ 6,731</u>

	M & R Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$ 16,254	\$ 16,254	\$ 15,607	\$ (647)
Total Receipts	16,254	16,254	15,607	(647)
<u>Disbursements:</u>				
Transportation	71,691	71,691	7,220	64,471
Net Change in Fund Balance	(55,437)	(55,437)	8,387	63,824
Fund Balance Beginning of Year	55,118	55,118	55,118	-
Fund Balance End of Year	<u>\$ (319)</u>	<u>\$ (319)</u>	<u>\$ 63,505</u>	<u>\$ 63,824</u>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statements of Receipts, Disbursements and Changes*  
*In Fund Balances - Budget and Actual -Budgetary Basis*  
*For the Year Ended December 31, 2013*

	State Highway Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$ 1,300	\$ 1,300	\$ 1,277	\$ (23)
<u>Disbursements:</u>				
Transportation	19,873	19,873	-	19,873
Net Change in Fund Balance	(18,573)	(18,573)	1,277	19,850
Fund Balance Beginning of Year	18,547	18,547	18,547	-
Fund Balance End of Year	<u>\$ (26)</u>	<u>\$ (26)</u>	<u>\$ 19,824</u>	<u>\$ 19,850</u>
	Street Repair Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$ 6,639	\$ 6,639	\$ 6,724	\$ 85
Intergovernmental	709	709	1,692	983
Total Receipts	7,348	7,348	8,416	1,068
<u>Disbursements:</u>				
Transportation	9,410	9,410	562	8,848
Net Change in Fund Balance	(2,062)	(2,062)	7,854	9,916
Fund Balance Beginning of Year	2,062	2,062	2,062	-
Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,916</u>	<u>\$ 9,916</u>
	Street Light Levy Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$ 9,092	\$ 9,092	\$ 9,236	\$ 144
Intergovernmental	988	988	2,283	1,295
Total Receipts	10,080	10,080	11,519	1,439
<u>Disbursements:</u>				
General Government	32,417	32,417	8,616	23,801
Net Change in Fund Balance	(22,337)	(22,337)	2,903	25,240
Fund Balance Beginning of Year	22,337	22,337	22,337	-
Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,240</u>	<u>\$ 25,240</u>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statements of Receipts, Disbursements and Changes*  
*In Fund Balances - Budget and Actual -Budgetary Basis*  
*For the Year Ended December 31, 2013*

	Fire Contracts Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$ 3,606	\$ 3,606	\$ 10,000	\$ 6,394
Charges for Services	2,488	2,488	6,900	4,412
Miscellaneous	1,406	1,406	3,898	2,492
<b>Total Receipts</b>	<b>7,500</b>	<b>7,500</b>	<b>20,798</b>	<b>13,298</b>
<u>Disbursements:</u>				
Security of Persons and Property	23,103	23,103	19,541	3,562
<b>Net Change in Fund Balance</b>	<b>(15,603)</b>	<b>(15,603)</b>	<b>1,257</b>	<b>16,860</b>
Fund Balance Beginning of Year	15,603	15,603	15,603	-
<b>Fund Balance End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,860</b>	<b>\$ 16,860</b>
	Fire Levy Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$ 4,859	\$ 4,859	\$ 4,981	\$ 122
Intergovernmental	489	489	1,144	655
<b>Total Receipts</b>	<b>5,348</b>	<b>5,348</b>	<b>6,125</b>	<b>777</b>
<u>Disbursements:</u>				
Security of Persons and Property	24,616	24,616	10,663	13,953
Capital Outlay	11,950	11,950	11,950	-
<b>Total Disbursements</b>	<b>36,566</b>	<b>36,566</b>	<b>22,613</b>	<b>13,953</b>
<b>Net Change in Fund Balance</b>	<b>(31,218)</b>	<b>(31,218)</b>	<b>(16,488)</b>	<b>14,730</b>
Fund Balance Beginning of Year	31,218	31,218	31,218	-
<b>Fund Balance End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,730</b>	<b>\$ 14,730</b>
	Zaleski School Memorial Park Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Receipts:</u>				
Interest	\$ 17	\$ 17	\$ 10	\$ (7)
Charges for Services	829	829	500	(329)
Miscellaneous	3,404	3,404	2,052	(1,352)
<b>Total Receipts</b>	<b>4,250</b>	<b>4,250</b>	<b>2,562</b>	<b>(1,688)</b>
<u>Disbursements:</u>				
Leisure Time Activities	12,862	12,862	2,205	10,657
<b>Net Change in Fund Balance</b>	<b>(8,612)</b>	<b>(8,612)</b>	<b>357</b>	<b>8,969</b>
Fund Balance Beginning of Year	8,612	8,612	8,612	-
<b>Fund Balance End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,969</b>	<b>\$ 8,969</b>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*As of December 31, 2013*

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	Water	Sewer	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 69,619	\$ 36,459	\$ 106,078
<i>Total Assets</i>	\$ 69,619	\$ 36,459	\$ 106,078
<b>Fund Net Position</b>	\$ 69,619	\$ 36,459	\$ 106,078

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
For the Year Ended December 31, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Receipts</b>			
Charges for Services	\$ 64,583	\$ 14,632	\$ 79,215
<i>Total Operating Receipts</i>	<u>64,583</u>	<u>14,632</u>	<u>79,215</u>
<b>Operating Disbursements</b>			
Personal Services	18,065	2,178	20,243
Supplies and Materials	24,612	1,060	25,672
Utilities	5,354	0	5,354
Other	4,303	829	5,132
<i>Total Operating Disbursements</i>	<u>52,334</u>	<u>4,067</u>	<u>56,401</u>
<i>Excess of Operating Receipts Over (Under) Operating Disbursements</i>	12,249	10,565	22,814
<b>Non-Operating Receipts (Disbursements)</b>			
Principal	(2,500)	0	(2,500)
Interest and Fiscal Charges	(2,960)	0	(2,960)
Capital Outlay	0	(62,657)	(62,657)
Proceeds from OWDA Loan	0	57,320	57,320
Intergovernmental	0	0	0
Interest	108	10	118
<i>Total Non-Operating Receipts and Disbursements</i>	<u>(5,352)</u>	<u>(5,327)</u>	<u>(10,679)</u>
<i>Change in Net Position</i>	6,897	5,238	12,135
<i>Net Position Beginning of Year</i>	<u>62,722</u>	<u>31,221</u>	<u>93,943</u>
<i>Net Position End of Year</i>	<u>\$ 69,619</u>	<u>\$ 36,459</u>	<u>\$ 106,078</u>

See accompanying notes to the basic financial statements.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

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**NOTE 1. DESCRIPTION OF THE ENTITY**

The Village of Zaleski, Vinton County, Ohio, (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.

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.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position-cash basis and a statement of activities-cash basis, and fund financial statements which provide a more detailed level of financial information.

*Government-Wide Financial Statements*

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balances, of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operating or capital requirements of a particular program.

General cash receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on the cash basis or draws from the Village's general receipts.

*Fund Financial Statements*

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

**B. Fund Accounting**

The Village uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Village's funds are divided into two categories: governmental and proprietary.

***Governmental Funds***

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

*General Fund* – This fund is the operating fund of the Village and is used to account for 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.

*M&R Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets. The primary source of revenue for this fund is intergovernmental monies.

*State Highway Fund* – This fund is used to account for monies received from the state to maintain state highways within the Village. The primary source of revenue for this fund is intergovernmental monies.

*Street Repair Fund* – This fund accounts for property tax levy monies used for maintenance and repair of streets within the Village. The primary source of revenue for this fund is monies received from a tax levy.

*Street Light Levy Fund* – This fund is used to account for property tax levy monies used to maintain, repair and replace street lighting within the Village. The primary source of revenue for this fund is monies received from a tax levy.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fire Contracts Fund* - This fund is used to account for the revenues received for providing fire protection services for other governments. The primary source of revenue for this fund is money that is collected for charges for services provided.

*Fire Levy Fund* – This fund receives local taxes to provide fire protection. The primary source of revenue for this fund is monies received from a tax levy.

*Zaleski School Memorial Park Fund* – This fund is used to account for receipts for the purchase and upkeep of the Zaleski School Memorial Park. The primary source of revenue for this fund is monies earned by the Village.

***Proprietary Funds***

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village's only proprietary funds are enterprise funds.

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are as follows:

*Water Fund* – This fund is used to account for receipts received from user charges for water services provided to residents of the Village. The primary source of revenue for this fund is monies received for user charges.

*Sewer Fund* – This fund was established with the start of the sewer line construction with funds from the Ohio Water Development Authority. This fund will be used to account for receipts received from user charges for sewer services provided to residents of the Village. The primary source of revenue for this fund will be monies received for user charges.

**C. Basis of Accounting**

These financial statements are prepared using the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the object level within each function for each fund.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

During 2014 and 2013, the Village had no investments.

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand and demand deposits.

Interest receipts credited to the General Fund, the Zaleski School Memorial Fund, the Water Fund, and the Sewer Fund during 2014 amounted to \$163, \$8, \$94, and \$94, respectively. Interest receipts credited to the General Fund, the Zaleski School Memorial Fund, the Water and the Sewer Fund during 2013 amounted to \$189, \$10, and \$108 and \$10, respectively.

**F. Capital Assets**

Acquisitions of property, plant, and equipment (capital assets) are recorded as disbursements when paid. The accompanying basic financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village’s cash basis of accounting.

**H. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. Long-Term Obligations**

The Village’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Net Position**

Net position represents the difference between assets and liabilities. However, under the cash basis of accounting no liabilities are recorded. Therefore, Equity in Pooled Cash and Cash Equivalents equals Net Position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village applies restricted resources first when a disbursement is made for purposes for which both restricted and unrestricted net position is available.

The government-wide statement of net position reports \$167,629 in 2014 and \$159,044 in 2013, of restricted net position, none of which are restricted by enabling legislation.

**K. 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 nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as 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*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Village Council.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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 Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

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**NOTE 3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budgetary Basis presented for the General Fund, M&R Fund, State Highway Fund, Street Repair Fund, Street Light Levy Fund, Fire Contracts Fund, Fire Levy Fund, and the Zaleski School Memorial Park Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a restriction, commitment, or assignment of fund balance (cash basis). There were no outstanding encumbrances at year end for all funds in 2013 and for the General Fund, M&R Fund, State Highway Fund, and Street Repair Fund in 2014. The encumbrances outstanding at December 31, 2014, (budgetary basis) amounted to \$532 for the Street Light Levy Fund, \$1,399 for the Fire Contracts Fund, \$1,933 for the Fire Levy Fund and \$369 for the Zaleski School Memorial Park Fund.

**NOTE 4. DEPOSITS AND INVESTMENTS**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

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**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than two hundred seventy days after purchase; and
9. Bankers' acceptance for a period not to exceed one hundred and eighty days and in an amount not to exceed ten percent of the Village's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

*Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency of instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Village's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of December 31, 2014 and 2013, the Village's bank balance of \$295,805 and 283,829, respectively, was either covered by FDIC or collateralized by the financial institution's public entity deposit pools in the manner described above.

**NOTE 5. PROPERTY TAX**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2014 represent the collection of 2013 taxes. Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2013, the lien date. Real property tax receipts received in 2013 represent the collection of 2012 taxes. Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2014 represent the collection of 2013 taxes and receipts in 2013 represent the collection of 2012 taxes. Public utility real and tangible personal property taxes received in 2014 became a lien on December 31, 2012, were levied after October 1, 2013, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2013 became a lien on December 31, 2011, were levied after October 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

**NOTE 5. PROPERTY TAX (Continued)**

The full tax rate for all Village operations for the year ended December 31, 2014 and 2013, was \$14.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2014 and 2013 property tax receipts were based are as follows:

Real Property	2014	2013
Residential	\$1,996,900	\$1,961,570
Other	93,160	93,160
Public Utility Property	230,270	220,500
Total Assessed Value	\$2,320,330	\$2,275,230

**NOTE 6. DEBT**

Debt outstanding at December 31, 2014 was as follows:

<u>Business-Type Activity</u>	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Rural Development Loan - 5%	\$56,700	\$0	\$2,600	\$54,100	\$2,800
OWDA Loan #5108 - 0%	200,000	0	200,000	0	0
OWDA Loan #6656 - 0%	0	1,836,918	1,583,089	253,829	0
Total	\$256,700	\$1,836,918	\$1,785,689	\$307,929	\$2,800

Debt outstanding at December 31, 2013 was as follows:

<u>Business-Type Activity</u>	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Rural Development Loan - 5%	\$59,200	\$0	\$2,500	\$56,700	\$2,600
OWDA - 0%	142,680	57,320	0	200,000	0
Total	\$201,880	\$57,320	\$2,500	\$256,700	\$2,600

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 was \$57,370, and principal and interest paid was \$5,435. The coverage ratio for this loan was 10.55 for the year ended December 31, 2014.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

**NOTE 6. DEBT (Continued)**

During 2012 and 2013, the Village received loan proceeds from the Ohio Water Development Authority. The Wastewater System Planning and Design Loan was generated to assist in the development of wastewater system. This planning and design loan was fully disbursed in 2013 and then repaid in 2014 by the issuance of the Ohio Water Development Authority loan #6656.

In 2014, the Village entered into a loan with OWDA 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 2014, \$1,836,918 was disbursed to the Village with \$1,583,089 being repaid by principal forgiveness from OWDA. As of the end of 2014, the loan had not been fully disbursed and therefore the repayment schedule has not been issued and is not reflected within the amortization schedule on the following page.

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	Rural Development Loan	
	Principal	Interest
2015	\$2,800	\$2,705
2016	2,900	2,565
2017	3,000	2,420
2018	3,200	2,270
2019	3,300	2,110
2020-2024	19,500	7,875
2025-2028	19,400	2,485
Total	\$54,100	\$22,430

**NOTE 7. RETIREMENT SYSTEM**

Ohio Public Employees Retirement System

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
- 1) The Traditional Pension Plan – a cost-sharing multiple-employer defined benefit pension plan.
  - 2) The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
  - 3) The Combined Plan – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

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**NOTE 7. RETIREMENT SYSTEM (Continued)**

- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or calling (614) 222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For , member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety officers participate in only the Traditional Pension Plan.

The member contribution rates were 10.0% for 2014, 2013 and 2012 for the Village.

The employer contribution rates were 14.0% for 2014, 2013 and 2012 of covered payroll for the Village.

The Village's contributions to OPERS for the years ended December 31, 2014, 2013, and 2012 were \$6,682, \$3,585, and \$3,758, respectively, which were equal to the required contributions for those years.

**NOTE 8. POSTEMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 800-222-7377.

- B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

**NOTE 8. POSTEMPLOYMENT BENEFITS (Continued)**

Employer's contributions are expressed as a percentage of the earnable salary of active members. In 2014 and 2013, the County contributed at 14.0% of earnable salary for local government employer units and 18.1% for public safety and law enforcement. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% during calendar year 2014. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by the OPERS' Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$954 for 2014, \$256 for 2013 and \$1,074 for 2012.
- D. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

**NOTE 9. RISK MANAGEMENT**

**Commercial Insurance**

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014 and 2013, the Village contracted with Ohio Plan Risk Management for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Ohio Plan Risk Management are as follows:

Building and Contents-replacement cost (\$500 deductible)	Limit	\$774,853
Inland Marine Coverage (\$500 deductible)	Limit	50,000
Employer's Liability		1,000,000
Public Officials Liability		1,000,000
General Liability		
Per occurrence		1,000,000

There has been no significant reduction in insurance coverage from the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

**NOTE 9. RISK MANAGEMENT (Continued)**

The Plan's financial statements (audited by other auditors) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and members' equity at December 31:

	2014	2013
Assets	\$ 14,830,185	\$ 13,774,304
Liabilities	(8,942,504)	(7,968,395)
Members' Equity	\$ 5,887,681	\$ 5,805,909

You can read the complete audited financial statements for the Ohio Plan Risk Management at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 10. CONTRACT COMMITMENT**

During 2013 the Village contracted with TAM Construction and Workman Industrial Services for a sewer line installation that will serve 139 customers in the corporation limits of the Village. The Village had \$941,171 in contract commitments as of December 31, 2014.

**NOTE 11. FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned 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 constraints placed on the fund balance for the major governmental funds are presented below:

2014 Fund Balances	General	M&R	State Highway	Street Repair	Street Light Levy	Fire Contracts	Fire Levy	Zaleski School Memorial Park	Total Governmental Funds
<b>Restricted for</b>									
Other Purposes	\$0	\$64,757	\$21,092	\$17,713	\$31,007	\$11,980	\$12,677	\$8,403	\$167,629
Total Restricted	0	64,757	21,092	17,713	31,007	11,980	12,677	8,403	167,629
<b>Assigned</b>									
FY15 Appropriations in excess of									
Estimated Receipts	6,970	0	0	0	0	0	0	0	0
Total Assigned	6,970	0	0	0	0	0	0	0	6,970
Total Fund Balances	\$6,970	\$64,757	\$21,092	\$17,713	\$31,007	\$11,980	\$12,677	\$8,403	\$174,599

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

**NOTE 11. FUND BALANCES (Continued)**

2013 Fund Balances	General	M&R	State Highway	Street Repair	Street Light Levy	Fire Contracts	Fire Levy	Zaleski School Memorial Park	Total Governmental Funds
<b>Restricted for</b>									
Other Purposes	\$0	\$63,505	\$19,824	\$9,916	\$25,240	\$16,860	\$14,730	\$8,969	\$159,044
Total Restricted	<u>0</u>	<u>63,505</u>	<u>19,824</u>	<u>9,916</u>	<u>25,240</u>	<u>16,860</u>	<u>14,730</u>	<u>8,969</u>	<u>159,044</u>
<b>Assigned</b>									
FY15 Appropriations in excess of									
Estimated Receipts	6,026	0	0	0	0	0	0	0	0
Total Assigned	<u>6,026</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,026</u>
Total Fund Balances	<u>\$6,026</u>	<u>\$63,505</u>	<u>\$19,824</u>	<u>\$9,916</u>	<u>\$25,240</u>	<u>\$16,860</u>	<u>\$14,730</u>	<u>\$8,969</u>	<u>\$165,070</u>

**NOTE 12. NEW ACCOUNTING PRINCIPLES**

For 2013 and 2014, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62,” GASB Statement No. 69, “Government Combinations and Disposals of Government Operations,” and GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

GASB Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

**Village of Zaleski**  
**Vinton County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014 and 2013*

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**NOTE 12. NEW ACCOUNTING PRINCIPLES (Continued)**

Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, and transfers of operations.

Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive non exchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

The implementation of GASB Statements No. 62, 66, 69, and 70 had no effect on the financial statements.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined; while the precise impact is not known, it is deemed likely that this pronouncement would have a material impact on governments who prepare their financial statements in accordance with accounting principles generally accepted in the United States of America. Since the Village currently reports on the cash basis of accounting, there is not anticipated to be any effect on the financial statements; however, there will be additional disclosure requirements. The provisions of this statement are effective for the fiscal year ending December 31, 2015, and therefore will be adopted in the next fiscal year.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Zaleski  
Vinton County  
P.O. Box 176  
Zaleski, Ohio 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 cash-basis financial statements of the governmental activities, the business-type activities, and each major fund of the of the Village of Zaleski, Vinton County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated February 3, 2016, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also qualified our opinion on the financial statements, as we were unable to obtain sufficient appropriate audit evidence supporting Zaleski School Memorial Park Fund receipts for the year ended December 31, 2014 and 2013 and we were unable to obtain sufficient appropriate audit evidence supporting General Fund, Fire Levy Fund, Zaleski School Memorial Park Fund, and Fire Contracts Fund disbursements for the year ended December 31, 2014 and the M&R Fund, Fire Levy Fund and Fire Contracts Fund disbursements for the year ended December 31, 2013.

### ***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider Findings 2014-002, 2014-006, and 2014-007 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2014-008 described in the accompanying Schedule of Findings to be a significant deficiency.

***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 grant agreements, 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 2014-001 through 2014-005.

***Entity's Response to Findings***

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 3, 2016

**VILLAGE OF ZALESKI  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Noncompliance Citation/Finding for Recovery - Repaid Under Audit**

Ohio Rev. Code § 145.47 provides that each employee who is a contributor to the public employees retirement system shall contribute ten percent of the contributor's earnable salary to the employee's savings fund.

The Village of Zaleski did not withhold the required Ohio Public Employee Retirement System (OPERS) ten percent for the months of January through August of 2014 from employee Mark Walker's salary in his position as Sewer Commissioner. However, the Village did remit this ten percent employee share when making payments to OPERS on behalf of Mr. Walker. His wages during that period for the Sewer Commissioner position were \$7,000 resulting in the Village paying \$700 on his behalf.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a finding for recovery for public monies illegally expended is hereby issued against Mark Walker, Village Sewer Commissioner, Sheryl Goble, Fiscal Officer, Douglas Heitman, Mayor, and Ohio Plan Risk Management, Inc, their bonding company, jointly and severally, in the amount of \$700, and in favor of the Village's Sewer Fund.

Mr. Mark Walker repaid the \$700 referenced above on January 20, 2016. The amount was repaid back into the Village of Zaleski Sewer Fund.

**Officials' Response:**

The Finding for Recovery has been satisfied and appropriate documentation was delivered to the State Auditor's Office on January 25, 2016.

**FINDING NUMBER 2014-002**

**Noncompliance Citation/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.

**VILLAGE OF ZALESKI  
VINTON COUNTY**  
**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-002  
(Continued)**

**Noncompliance Citation/Material Weakness (Continued)**

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 and a scan of the Village's vouchers and debt for the years ended December 31, 2014 and December 31, 2013:

1. In 2013, supporting documentation was not available for 2% of Water Fund disbursements, 4% of Sewer Fund disbursements, 4% of General Fund disbursements, 6% of Street Light Levy Fund disbursements, 45% of M&R Fund disbursements, 53% of Fire Levy Fund disbursements, and 68% of Fire Contracts Fund disbursements. In 2014, supporting documentation was not available for 2% of Sewer Fund disbursements, 17% of General Fund disbursements, 21% of Fire Levy Fund disbursements, 39% of Park Fund disbursements, and 59% of Fire Contracts Fund disbursements. Disbursements made absent of any supporting documentation or adequate detail do not allow management to make an informed decision as to whether the purchase was for proper public purpose.
2. Reverse side of the canceled checks were not available for any of the disbursements written by check.
3. Bank statements were not available for August 2013 for the utility bank account, for January 2014 for the village bank account and for February and March 2013 and February and March 2014 for the Park bank account.
4. Debt Agreements were not made available for the OWDA loans.

These practices could result in unauthorized purchases or incorrect or duplicate payments. This also results in the lack of sufficient appropriate audit evidence over disbursements in the M&R fund, Fire Levy Fund, and Fire Contracts Fund in 2013 and in the General Fund, Fire Levy Fund, Zaleski School Memorial Park Fund, and Fire Contracts Fund in 2014.

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.

VILLAGE OF ZALESKI  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-002  
(Continued)

Noncompliance Citation/Material Weakness (Continued)

Officials' Response:

All files are disposed of by accepted procedures as outlined in Ohio Rev. Code 149.351(A). The accounting practices that have been used and approved in the past have remained in force, filing of Financial Reports are done in accordance with current regulations and will continue to be in compliance with said regulations.

The Village will continue to strive to ensure transparency in all financial accountability in all financial reports.

The Village will strive for 100% management and supporting documentation.

The auditor requested copies of the backs of checks. However, the local bank does not provide copies of front and backs of checks. The front of checks that display signatures are provided in monthly statements and that information was provided to the auditor. Any statement in question can be requested by the auditor and will be provided by the bank.

Information on the OWDA Grant was not provided because there was confusion as to information requested. The understanding was a request for an EPA loan. That information was not available. The loan is still open and being drawn upon. So, it is not closed out yet. Proper procedures are followed and the OWDA Grant information is available. The Village Council approves vouchers and receipts are attached for filing.

The Village will continue to support all disbursements by vouchers approved by Village Council and will ensure that there is a method to retrieve original invoices and records in a manner in which village officials are able to retrieve them.

FINDING NUMBER 2014-003

Noncompliance Citation

Ohio Rev. Code § 5705.40 provides, in part, that a subdivision may amend or supplement its appropriation measure provided the amendment or supplement complies with all provisions of law governing the subdivision in making an original appropriation. In addition, Ohio courts have held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a Village Council would be prohibited from delegating duties statutorily assigned to it, such as the duty of amending appropriations. See *C. B. Transportation, Inc. vs Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N. E. 2d 781 (C. P. 1979); and, *Burkholder v. Lauber*, 6 Ohio Misc. 152, 216 N. E. 2d (C. P. 1965).

At December 31, 2014, appropriations, as approved by the Village Council, did not agree to the Village's accounting system. The variances are as follows:

**VILLAGE OF ZALESKI  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2014-003  
(Continued)**

**Noncompliance Citation (Continued)**

	Authority	System	Variance
Fire Contracts Fund	\$ 24,960	\$ 29,520	\$ (4,560)
Water Fund	\$ 138,069	\$ 263,431	\$ (125,362)

At December 31, 2013, appropriations, as approved by the Village Council, did not agree to the Village's accounting system. The variances are as follows:

	Authority	System	Variance
Sewer Fund	\$ 139,760	\$ 98,540	\$ 41,220

The Village Council should approve all appropriation amendments, record approval in the Council minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should only post legislatively approved amendments.

**Officials' Response:**

The Village is unable to correct the discrepancies in variances that were noted, but for the future, the Village will ensure an amended and approved certificate is provided by county officials.

**FINDING NUMBER 2014-004**

**Noncompliance Citation**

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

At December 31, 2014, expenditures exceeded appropriations, as follows:

	Authority	Expenditures	Variance
Sewer Fund	\$ 3,423,123	\$ 3,150,531	\$ 272,592

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

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

VILLAGE OF ZALESKI  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-004  
(Continued)

Noncompliance Citation (Continued)

Officials' Response:

The Village is unable to correct the discrepancies in variances concerning Sewer appropriations that were noted, but for the future, the Village will ensure an amended and approved certificate is provided by county officials.

FINDING NUMBER 2014-005

Noncompliance Citation

Ohio Rev. Code § 5705.41 (D) provides that Fiscal Officers may prepare so-called "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance adopted by the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Ohio Rev. Code § 5705.41 (D) (1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

VILLAGE OF ZALESKI  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-005  
(Continued)

**Noncompliance Citation (Continued)**

2. Blanket Certificate – Fiscal Officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Fiscal Officer prepared ‘blanket’ certificates, but a maximum amount was not established by resolution adopted by a majority of the members of the legislative authority. Additionally, purchase orders provided were only made for reoccurring bills including fuel for fire trucks and utilities. Purchase Orders were made quarterly. Per review of the Budgetary Journal posting and Check Register, the purchase order number was not listed so we could not identify which purchase order was used for any specific disbursement. As a result, expenditures were not properly encumbered throughout the year or at year end. Audited Budget and Actual statements have been adjusted to record material year end encumbrances as expenditures in the amount of \$532 in the Street Light Fund, \$1,933 in the Fire Levy Fund, \$1,399 in the Fire Contracts Fund and \$369 in the Memorial Park Fund for the year ending December 31, 2014. Further, it is noted that \$13,106 was unrecorded in the Sewer Fund for which there is no Budget and Actual statement.

Unless the Village uses the exceptions noted above, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are, or will be, available prior to obligation by the Village. The Village should obtain the Fiscal officer’s certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. The accounting system should show which purchase order was used on each disbursement. Further, a resolution should be adopted by the Village Council to establish an amount to which “blanket” certificates will be limited.

**Officials’ Response:**

The present practices for accounting of purchase orders do not include digitized records. The Village will scan and store purchase orders for digital retrieval so that information is more readily available for the convenience of the auditors in the future.

VILLAGE OF ZALESKI  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-006

**Material Weakness**

The Zaleski School Memorial Park held a park day event in 2013 and in 2014. The events are held to raise funds for the Zaleski School Memorial Park. At these events, fund raising items such as concessions and Chinese auctions are held.

There were no receipts supporting the concession sales in either year which makes up the Charges for Services in the Zaleski School Memorial Park Fund on the financial statements totaling \$500 in 2013 and \$442 in 2014. Additionally, Miscellaneous receipts include donations, Chinese auction proceeds and other park day event receipts. There was support for \$350 in donations in 2013 but the miscellaneous receipts were \$2,052 leaving \$1,702 unsupported. There was support for \$440 in donations in 2014 but the total miscellaneous receipts were \$1,555, leaving \$1,115 unsupported.

Charges for Services is 19.5% and Miscellaneous receipts is 80.0% of total receipts in 2013 for which we were unable to support 86.3% of these receipts (100% of Charges for Services and 82.9% of Miscellaneous receipts). Charges for Services is 22.0% and Miscellaneous receipts is 77.6% of total receipts in 2014 for which we were unable to support 78.1% of these receipts (100% of Charges for Services and 71.7% of Miscellaneous receipts).

The Village should maintain support for all Zaleski School Memorial Park Fund receipts. Support could include lists of all concession items sold and related prices, lists of items included in the Chinese auction and proceeds from each item sold, and duplicate receipts written for donations and other receipts.

**Officials' Response:**

Income from the Park Day Event is by donation only. There are no set charges for food or other fund raising activities. That being said, all funds are collected and accounted for by at least two people who are not related and are designated by event coordinators and then, deposited and will be documented in the future by signature. The Village will comply with suggestions made by the auditor to provide more transparent management of Park Day funds.

FINDING NUMBER 2014-007

**Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the financial statements had the following errors that required audit adjustments or reclassifications.

In 2013:

- Government Wide Charges for Services Program Receipts in the Governmental Activities were misallocated to expenditure functions resulting in an increase of receipts against Security of Persons and Property of \$3,231 and Leisure Time Activities of \$231 and a decrease of receipts against General Government of \$1,049, Transportation of \$948, and Capital Outlay of \$1,455.

**VILLAGE OF ZALESKI  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-007  
(Continued)**

**Material Weakness (Continued)**

- Government Wide Operating Grants Program Receipts were misallocated to expenditure functions resulting in an increase of receipts against Transportation of \$15,481 and a decrease of receipts against General Government of \$11,370, Security of Persons and Property of \$3,517, Leisure Time Activities of \$1,017, Basic Utility Services of \$1,256, and Capital Outlay of \$5,567, along with an increase in General Receipts of Grants and Entitlements not Restricted to Specific Programs of \$7,256 and a decrease in General Receipts Interest of \$10.
- Beginning Balances were decreased \$705 in the General Fund, \$319 in the M&R Fund and \$26 in the State Highway Fund due to receipts being posted twice in the prior year and voided in 2014.
- Intergovernmental receipts were decreased \$607 in the M&R Fund and \$49 in the State Highway Fund and Interest was decreased \$8 in the General Fund due to 2013 receipts being posted multiple times and voided in 2014.
- Intergovernmental receipts were increased \$763 in the General Fund while being decreased \$706 in the M&R Fund and \$57 in the State Highway Fund due to incorrect posting of a Local Government receipt.
- Intergovernmental receipts were increased \$78 in the Fire Levy Fund, \$95 in the Street Repair Fund, and \$126 in the Street Light Levy Fund, while being decreased \$299 in the General Fund due to incorrect posting of a Homestead and Rollback receipt.
- Intergovernmental receipts were increased while Taxes were decreased \$404 in the General Fund, \$514 in the Fire Levy Fund, \$794 in the Street Repair fund and \$1,040 in the Street Light Levy Fund due to Homestead and Rollback and Personal Property reimbursements being incorrectly posted as Taxes.
- Charges for Services receipts were increased while Other Operating Receipts were decreased \$5,087 in the Water Fund due to incorrect posting of utility charges.
- Capital Outlay was incorrectly reported as Operating Disbursements rather than Non-operating Disbursements of \$57,320 in the Sewer Fund.
- Capital Outlay was increased while Contract Services were decreased \$14,679 due to incorrect posting of expenditures in the Sewer Fund.
- Capital Outlay was decreased \$9,342 in the Sewer Fund due to a check written in 2013 that was voided in 2014.
- General Fund Ending Balance \$6,026 was reclassified from unassigned to assigned as the full balance was appropriated in the subsequent fiscal year.

**In 2014:**

- Government Wide Charges for Services Program Receipts in the Governmental Activities were misallocated to expenditure functions resulting in an increase of receipts against Security of Persons and Property of \$3,232 and Leisure Time Activities of \$36 and a decrease of receipts against General Government of \$958 and Transportation of \$2,310.

**VILLAGE OF ZALESKI  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-007  
(Continued)**

**Material Weakness (Continued)**

- Government Wide Operating Grants Program Receipts were misallocated to expenditure functions resulting in an increase of receipts against Transportation of \$9,720 and a decrease of receipts against General Government of \$10,843, Security of Persons and Property of \$5,362, Leisure Time Activities of \$1,100, and Basic Utility Services of \$1,011, along with an increase in General Receipts of Grants and Entitlements not Restricted to Specific Programs of \$8,604 and a decrease in General Receipts Interest of \$8.
- Intergovernmental receipts were increased \$705 in the General Fund, \$319 in the M&R Fund and \$26 in the State Highway Fund due to receipts being posted twice in previous years and voided in 2014.
- Intergovernmental receipts were increased \$607 in the M&R Fund and \$49 in the State Highway Fund and Interest was increased \$8 in the General Fund due to 2013 receipts being posted multiple times and voided in 2014.
- Intergovernmental receipts were increased while Taxes were decreased \$877 in the General Fund, \$1,115 in the Fire Levy Fund, \$1,620 in the Street Repair fund and \$1,161 in the Street Light Levy Fund due to Homestead and Rollback being incorrectly posted as Taxes.
- Miscellaneous receipts and Leisure Time Activities disbursements in the Zaleski School Memorial Park Fund were reduced \$200 each due to writing a check for park day start-up funds and re-depositing the funds at the end of the day and recording as a receipt and disbursement.
- Encumbrances were not recorded on the Budget and Actual statements resulting in an increase in Security of Persons and Property disbursements of \$1,399 in the Fire Contracts Fund and \$1,933 in the Fire Levy Fund, an increase in General Government disbursements of \$532 in the Street Light Levy Fund, and an increase in Leisure Time Activity disbursements of \$369 in the Zaleski School Memorial Park Fund.
- Final Estimated Receipts in the Fire Contracts Fund were reduced \$2,746 in Charges for Services and \$1,814 in Intergovernmental revenue due to not agreeing to approved estimated receipts.
- Charges for Services receipts were increased while Other Operating Receipts were decreased \$5,867 in the Water Fund due to incorrect posting of utility charges.
- Charges for Services receipts were decreased \$1,488 in the Water Fund while increased in the Sewer Fund due to posting sewer charges to the Water Fund.
- Capital Outlay was incorrectly reported as Operating Disbursements rather than Non-operating Disbursements of \$1,616,109 in the Sewer Fund.
- Capital Outlay was increased \$9,342 in the Sewer Fund due to a check written in 2013 that was voided in 2014.

The audited financial statements and the Village's accounting system have been adjusted for the issues noted above.

VILLAGE OF ZALESKI  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-007 (Continued)

**Material Weakness (Continued)**

The Fiscal Officer should review the Village Officer's Handbook for guidance on the correct line item to post various receipts and disbursements of the Village to ensure the Village's financial statements are complete and accurate.

**Officials' Response:**

As best as can be discerned, all corrections cited in the finding have been made and provided to the auditor. Confusion between regulatory filing and OCBOA has been resolved.

FINDING NUMBER 2014-008

**Significant Deficiency**

Reconciliations should be performed between the Utility System monthly Cash Receipts/Write-off Journal Reports and the amounts posted in the Budgetary Posting Journal.

We noted the Cash Receipts/Write-off Journal totals did not agree to the amounts posted in the Budgetary Posting Journal. In most months, the Budgetary Posting Journal had higher receipt totals than the utility system which could be due to miscellaneous receipts, tap-fees, interest, etc. being posted in the Budgetary Posting Journal that would not flow through the utility system. However, the Budgetary Posting Journal descriptions for receipts posted was almost always "water sales" and therefore we could not determine the source of additional receipts posted as Charges for Services totaling \$5,408 in 2013. Although monthly totals also did not always match in 2014, the annual total was only a variance of \$15. This could lead to items not being properly reflected in the general ledger and in the financial statements.

The Utility Clerk should perform reconciliations monthly to ensure the amounts reflected in the utility system agree to the amounts posted in the Budgetary Posting Journal. Timing differences (such as March utility receipt posted to Budgetary Posting Journal in April) and other differences (such as tap fee or other miscellaneous receipt) should be documented on these monthly reconciliations.

**Officials' Response:**

The Utility Clerk will make every effort to perform reconciliations monthly to ensure the amounts reflected in the system agree to the amounts posted in the Budgetary Posting Journal. The present system, while accurate, does not offer the convenience of easy retrieval for audit purposes. At the present time, changing present procedures is not reasonably possible. That being said, the Village is working to have the software changed so that it becomes more convenient in the future.



# Dave Yost • Auditor of State

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  
FEBRUARY 16, 2016