



VILLAGE OF ZALESKI, VINTON COUNTY

Regular Audit

**For the Year Ended
December 31, 2008**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA
Auditor of State

Members of Council
Village of Zaleski
P.O. Box 176
Zaleski, Ohio 45698

We have reviewed the *Independent Auditor's Report* of the Village of Zaleski, Vinton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Zaleski is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 6, 2009

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VILLAGE OF ZALESKI, VINTON COUNTY

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For the Year Ended December 31, 2008

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Independent Auditor's Report

Members of Council
Village of Zaleski, Vinton County
PO Box 176
Zaleski, Ohio 45698

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Village of Zaleski, Vinton County, Ohio (the Village) as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund of the Village as of December 31, 2008, and the respective changes in financial position and the respective budgetary comparisons for the General, M & R, State Highway, Street Repair, Street Light Levy, Fire Contracts, Fire Levy, and Zaleski School Memorial Park Funds for the year then ended in conformity with the cash basis of accounting presented in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 22, 2009 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Members of Council
Village of Zaleski, Vinton County
Independent Auditor's Report

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

July 22, 2009

Village of Zaleski
Vinton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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, 2008, 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 2008 are as follows:

Net assets of governmental activities decreased \$15,608 (-13%) and net assets of business-type activities increased \$8,624 (11%) in 2008.

In the governmental funds, the funds with the most significant changes in fund balances in 2008 were the M&R and Fire Levy Funds with decreases in fund balances of \$7,889 (-25%) and \$7,738 (26%), respectively.

The Village's general receipts are primarily property taxes. These receipts represent 36 percent of the total cash received for governmental activities during 2008.

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 assets and the statement of activities 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.

Village of Zaleski
Vinton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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 a 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 assets-cash basis and the statement of activities-cash basis reflect how the Village did financially during 2008, within the limitations of the cash basis of accounting. The statement of net assets-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 receipts for each program. Program 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 receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each function draws from the Village's general 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 assets 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 is reported as a business-type activity.

Village of Zaleski
Vinton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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 2008, 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 2008, 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 business-type activities; therefore, these statements will essentially match.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)

Net Assets

| | <u>Governmental</u> | | <u>Business-Type</u> | | <u>Total</u> | |
|--|---------------------|-------------------|----------------------|------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalentents | <u>\$ 105,049</u> | <u>\$ 120,657</u> | <u>\$ 89,920</u> | <u>\$ 81,296</u> | <u>\$ 194,969</u> | <u>\$ 201,953</u> |
| Net Assets | | | | | | |
| Restricted for: | | | | | | |
| Other Purposes | \$ 98,719 | \$ 111,992 | \$ - | \$ - | \$ 98,719 | \$ 111,992 |
| Unrestricted | <u>6,330</u> | <u>8,665</u> | <u>89,920</u> | <u>81,296</u> | <u>96,250</u> | <u>89,961</u> |
| Total Net Assets | <u>\$ 105,049</u> | <u>\$ 120,657</u> | <u>\$ 89,920</u> | <u>\$ 81,296</u> | <u>\$ 194,969</u> | <u>\$ 201,953</u> |

As mentioned previously, net assets of governmental activities decreased \$15,608 and the business-type activities increased \$8,624 during 2008. The decrease to cash for the governmental funds is primarily due to the use of monies the Village had been accumulating for the construction of a building for the Fire Department. The increase in cash for the business type activities is primarily due to the decrease in disbursements from the prior year.

Village of Zaleski
Vinton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2 reflects the changes in net assets for 2008 compared to 2007:

(Table 2)
Change in Net Assets

| | Governmental Activities 2008 | Business-Type Activity 2008 | Governmental Activities 2007* | Business-Type Activity 2007 |
|--|------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Cash Receipts: | | | | |
| Program Cash Receipts: | | | | |
| Charges for Services and Sales | \$ 6,900 | \$ 37,333 | \$ 9,900 | \$ 37,293 |
| Operating Grants and Contributions | 31,347 | - | 27,095 | - |
| Total Program Cash Receipts | 38,247 | 37,333 | 36,995 | 37,293 |
| General Cash Receipts: | | | | |
| Property Taxes | 26,660 | - | 31,098 | - |
| Grants and Entitlements Not Restricted to Specific Programs | 3,842 | - | 3,000 | - |
| Interest | 584 | 435 | 24 | 499 |
| Miscellaneous | 4,629 | 8,434 | 2,305 | 10,407 |
| Total General Cash Receipts | 35,715 | 8,869 | 36,427 | 10,906 |
| Total Cash Receipts | 73,962 | 46,202 | 73,422 | 48,199 |
| Cash Disbursements: | | | | |
| General Government | 23,978 | - | 16,709 | - |
| Security of Persons and Property | 23,025 | - | 5,843 | - |
| Leisure Time Activities | 629 | - | 128 | - |
| Basic Utility Services | 2,082 | - | 1,789 | - |
| Transportation | 39,856 | - | 39,386 | - |
| Water | - | 37,578 | - | 60,405 |
| Total Cash Disbursements | 89,570 | 37,578 | 63,855 | 60,405 |
| Increase (Decrease) in Net Assets | (15,608) | 8,624 | 9,567 | (12,206) |
| Net Assets, January 1 - as restated | 120,657 | 81,296 | 111,090 | 93,502 |
| Net Assets, December 31 | \$ 105,049 | \$ 89,920 | \$ 120,657 | \$ 81,296 |

* Certain reclassifications have been made for consistency between years.

Village of Zaleski
Vinton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Program receipts represent 52 percent of total receipts for governmental activities and 81 percent of total receipts for business-type activities 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 business-type activities.

General receipts represent 48 percent of the Village's governmental activities total receipts and 19 percent of the Village's business-type activities total receipts. Property taxes account for 75 percent of the Village's governmental activities general revenues. 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. The increase in general government disbursements is due mainly to purchase of a new computer system and computer support. The increase in security of persons and property disbursements is primarily due to the construction of a building for the Fire Department. The decrease in disbursements for the water fund is due to the purchase of three new computer programs in 2007 which was not a recurring disbursement.

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, security of persons and property, and transportation, which account for 27, 26 and 45 percent of all governmental disbursements, respectively. 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 (Disbursement) column compares the 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)

| | Governmental Activities | | Governmental Activities | |
|----------------------------------|--------------------------------|------------------|--------------------------------|------------------|
| | Total Cost | Net Cost | Total Cost | Net Cost |
| | Of Services | Of Services | Of Services | Of Services |
| | 2008 | 2008 | 2007 | 2007 |
| General Government | \$ 23,978 | \$ 11,703 | \$ 16,709 | \$ 5,721 |
| Security of Persons and Property | 23,025 | 14,166 | 5,843 | (4,057) |
| Leisure Time Activities | 629 | 380 | 128 | 128 |
| Basic Utility Services | 2,082 | 983 | 1,789 | 1,789 |
| Transportation | 39,856 | 24,091 | 39,386 | 20,279 |
| | <u>\$ 89,570</u> | <u>\$ 51,323</u> | <u>\$ 63,855</u> | <u>\$ 23,860</u> |
| Total Expenses | | | | |
| | <u>\$ 89,570</u> | <u>\$ 51,323</u> | <u>\$ 63,855</u> | <u>\$ 23,860</u> |

| | Business-Type Activity | | Business-Type Activity | |
|----------------|-------------------------------|---------------|-------------------------------|------------------|
| | Total Cost | Net Cost | Total Cost | Net Cost |
| | of Services | of Services | of Services | of Services |
| | 2008 | 2008 | 2007 | 2007 |
| Water | \$ 37,578 | \$ 245 | \$ 60,405 | \$ 23,112 |
| | <u>\$ 37,578</u> | <u>\$ 245</u> | <u>\$ 60,405</u> | <u>\$ 23,112</u> |
| Total Expenses | | | | |
| | <u>\$ 37,578</u> | <u>\$ 245</u> | <u>\$ 60,405</u> | <u>\$ 23,112</u> |

Village of Zaleski
Vinton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The Village's Funds

Total governmental funds had receipts of \$73,962 and disbursements of \$89,570. 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 decreased \$7,889 in 2008. Receipts and disbursements remained fairly consistent with 2007, but disbursements were \$7,889 higher than receipts, resulting in a decrease in fund balance. The fund balance of the Fire Levy Fund decreased \$7,738 in 2008 due to disbursements for the construction of a building for the Fire Department. The General Fund, State Highway Fund, Street Repair Fund, Street Light Levy Fund, Fire Contracts Fund, Fire Levy Fund and the Zaleski School Memorial Park Fund showed increases/(decreases) in fund balances of (\$2,335), \$1,507, (\$2,339), \$853, (\$250) and \$2,583, respectively. Receipts and disbursements for these funds remained fairly consistent with 2007.

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 2008 the Village did not amend its General Fund. The Village uses fund budgeting and the budgeting systems are designed to tightly control the total funds' budget.

For 2008, General Fund actual receipts were \$18,965, which was \$5,116 over budgeted receipts budget primarily due to intergovernmental receipts and property tax receipts being higher than anticipated. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2008 were \$21,300, which was \$1,215 under 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.

Debt

At December 31, 2008, the Village's outstanding debt totaled \$68,200. 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, Ohio
Statement of Net Assets - Cash Basis
As of December 31, 2008

| | Governmental Activities | Business - Type Activity | Total |
|--|----------------------------|-----------------------------|-------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 105,049 | \$ 89,920 | \$ 194,969 |
| <i>Total Assets</i> | <u>\$ 105,049</u> | <u>\$ 89,920</u> | <u>\$ 194,969</u> |
| Net Assets | | | |
| Restricted for: | | | |
| Maintenance and Repair | \$ 23,995 | \$ - | \$ 23,995 |
| State Highway | 14,088 | - | 14,088 |
| Street Repair | 6,608 | - | 6,608 |
| Street Light Levy | 3,370 | - | 3,370 |
| Fire Contracts | 21,332 | - | 21,332 |
| Fire Levy | 21,480 | - | 21,480 |
| Zaleski School Memorial Park | 7,846 | - | 7,846 |
| Unrestricted | 6,330 | 89,920 | 96,250 |
| <i>Total Net Assets</i> | <u>\$ 105,049</u> | <u>\$ 89,920</u> | <u>\$ 194,969</u> |

See accompanying notes to the basic financial statements.

Village of Zaleski
Vinton County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

| | Program Cash Receipts | | | Net Receipts (Disbursements) and Changes in Net Assets | | |
|---|-----------------------|--------------------------------------|--|--|-----------------------------|-------------------|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities | | | | | | |
| General Government | \$ 23,978 | \$ 545 | \$ 11,730 | \$ (11,703) | \$ - | \$ (11,703) |
| Security of Persons and Property | 23,025 | 2,264 | 6,595 | (14,166) | - | (14,166) |
| Leisure Time Activities | 629 | 64 | 185 | (380) | - | (380) |
| Basic Utility Services | 2,082 | - | 1,099 | (983) | - | (983) |
| Transportation | 39,856 | 4,027 | 11,738 | (24,091) | - | (24,091) |
| <i>Total Governmental Activities</i> | 89,570 | 6,900 | 31,347 | (51,323) | - | (51,323) |
| Business-Type Activity | | | | | | |
| Water | 37,578 | 37,333 | - | - | (245) | (245) |
| Total | \$ 127,148 | \$ 44,233 | \$ 31,347 | (51,323) | (245) | (51,568) |
| General Receipts | | | | | | |
| Property Taxes Levied for: | | | | | | |
| General Purposes | | | | 4,939 | - | 4,939 |
| Other Purposes | | | | 21,721 | - | 21,721 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 3,842 | - | 3,842 |
| Interest | | | | 584 | 435 | 1,019 |
| Miscellaneous | | | | 4,629 | 8,434 | 13,063 |
| <i>Total General Receipts</i> | | | | 35,715 | 8,869 | 44,584 |
| Change in Net Assets | | | | (15,608) | 8,624 | (6,984) |
| <i>Net Assets Beginning of Year</i> | | | | 120,657 | 81,296 | 201,953 |
| <i>Net Assets End of Year</i> | | | | <u>\$ 105,049</u> | <u>\$ 89,920</u> | <u>\$ 194,969</u> |

See accompanying notes to the basic financial statements.

Village of Zaleski
Vinton County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2008

| | <u>General</u> | <u>M&R</u> | <u>State Highway</u> | <u>Street Repair</u> |
|--|-----------------|------------------|--------------------------|--------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 6,330 | \$ 23,995 | \$ 14,088 | \$ 6,608 |
| <i>Total Assets</i> | <u>\$ 6,330</u> | <u>\$ 23,995</u> | <u>\$ 14,088</u> | <u>\$ 6,608</u> |
| Fund Balances | | | | |
| Unreserved: | | | | |
| Undesignated, Reported in: | | | | |
| General Fund | \$ 6,330 | \$ - | \$ - | \$ - |
| Special Revenue Funds | <u>-</u> | <u>23,995</u> | <u>14,088</u> | <u>6,608</u> |
| <i>Total Fund Balances</i> | <u>\$ 6,330</u> | <u>\$ 23,995</u> | <u>\$ 14,088</u> | <u>\$ 6,608</u> |

See accompanying notes to the basic financial statements.

(continued)

| <u>Street Light Levy</u> | <u>Fire Contracts</u> | <u>Fire Levy</u> | <u>Zaleski School Memorial Park</u> | <u>Total Governmental Funds</u> |
|------------------------------|---------------------------|----------------------|---|---|
| \$ 3,370 | \$ 21,332 | \$ 21,480 | \$ 7,846 | \$ 105,049 |
| <u>\$ 3,370</u> | <u>\$ 21,332</u> | <u>\$ 21,480</u> | <u>\$ 7,846</u> | <u>\$ 105,049</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 6,330 |
| <u>3,370</u> | <u>21,332</u> | <u>21,480</u> | <u>7,846</u> | <u>98,719</u> |
| <u>\$ 3,370</u> | <u>\$ 21,332</u> | <u>\$ 21,480</u> | <u>\$ 7,846</u> | <u>\$ 105,049</u> |

Village of Zaleski
Vinton County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

| | General | M & R | State Highway | Street Repair |
|--|-----------------|------------------|------------------|------------------|
| Receipts | | | | |
| Property Taxes | \$ 4,939 | \$ - | \$ - | \$ 9,553 |
| Charges for Services | - | - | - | - |
| Intergovernmental | 12,025 | 18,597 | 1,507 | 1,478 |
| Interest | 555 | - | - | - |
| Miscellaneous | 1,446 | - | - | - |
| <i>Total Receipts</i> | <u>18,965</u> | <u>18,597</u> | <u>1,507</u> | <u>11,031</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 19,218 | - | - | - |
| Security of Persons and Property | - | - | - | - |
| Leisure Time Activities | - | - | - | - |
| Basic Utility Services | 2,082 | - | - | - |
| Transportation | - | 26,486 | - | 13,370 |
| <i>Total Disbursements</i> | <u>21,300</u> | <u>26,486</u> | <u>-</u> | <u>13,370</u> |
| <i>Net Change in Fund Balances</i> | (2,335) | (7,889) | 1,507 | (2,339) |
| <i>Fund Balances Beginning of Year</i> | <u>8,665</u> | <u>31,884</u> | <u>12,581</u> | <u>8,947</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 6,330</u> | <u>\$ 23,995</u> | <u>\$ 14,088</u> | <u>\$ 6,608</u> |

(continued)

See accompanying notes to the basic financial statements.

| Street Light Levy | Fire Contracts | Fire Levy | Zaleski School Memorial Park | Total Governmental Funds |
|----------------------|-------------------|------------------|------------------------------------|--------------------------------|
| \$ 5,049 | \$ - | \$ 7,119 | \$ - | \$ 26,660 |
| - | 6,900 | - | - | 6,900 |
| 564 | - | 1,018 | - | 35,189 |
| - | - | - | 29 | 584 |
| - | - | - | 3,183 | 4,629 |
| <u>5,613</u> | <u>6,900</u> | <u>8,137</u> | <u>3,212</u> | <u>73,962</u> |
| 4,760 | - | - | - | 23,978 |
| - | 7,150 | 15,875 | - | 23,025 |
| - | - | - | 629 | 629 |
| - | - | - | - | 2,082 |
| - | - | - | - | 39,856 |
| <u>4,760</u> | <u>7,150</u> | <u>15,875</u> | <u>629</u> | <u>89,570</u> |
| 853 | (250) | (7,738) | 2,583 | (15,608) |
| <u>2,517</u> | <u>21,582</u> | <u>29,218</u> | <u>5,263</u> | <u>120,657</u> |
| <u>\$ 3,370</u> | <u>\$ 21,332</u> | <u>\$ 21,480</u> | <u>\$ 7,846</u> | <u>\$ 105,049</u> |

Village of Zaleski
Vinton County, Ohio
Statements of Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2008

| | General Fund | | | Variance with Final Budget Positive (Negative) |
|--------------------------------|------------------|---------------|-----------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$ 3,753 | \$ 3,753 | \$ 4,939 | \$ 1,186 |
| Intergovernmental | 8,656 | 8,656 | 12,025 | 3,369 |
| Interest | 399 | 399 | 555 | 156 |
| Miscellaneous | 1,041 | 1,041 | 1,446 | 405 |
| Total Receipts | 13,849 | 13,849 | 18,965 | 5,116 |
| <u>Disbursements:</u> | | | | |
| General Government | 18,515 | 18,515 | 19,218 | (703) |
| Basic Utility Services | 4,000 | 4,000 | 2,082 | 1,918 |
| Total Disbursements | 22,515 | 22,515 | 21,300 | 1,215 |
| Net Change in Fund Balance | (8,666) | (8,666) | (2,335) | 6,331 |
| Fund Balance Beginning of Year | 8,665 | 8,665 | 8,665 | - |
| Fund Balance End of Year | <u>\$ (1)</u> | <u>\$ (1)</u> | <u>\$ 6,330</u> | <u>\$ 6,331</u> |

| | M & R Fund | | | Variance with Final Budget Positive (Negative) |
|--------------------------------|------------------|-------------|------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Intergovernmental | \$ 18,698 | \$ 18,698 | \$ 18,597 | \$ (101) |
| <u>Disbursements:</u> | | | | |
| Transportation | 50,581 | 50,581 | 26,486 | 24,095 |
| Net Change in Fund Balance | (31,883) | (31,883) | (7,889) | 23,994 |
| Fund Balance Beginning of Year | 31,884 | 31,884 | 31,884 | - |
| Fund Balance End of Year | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 23,995</u> | <u>\$ 23,994</u> |

See accompanying notes to the basic financial statements.

Village of Zaleski
Vinton County, Ohio
Statements of Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual -Budgetary Basis
For the Year Ended December 31, 2008

| State Highway Fund | | | | |
|--------------------------------|------------------|-------------|------------------|---|
| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Intergovernmental | \$ 1,516 | \$ 1,516 | \$ 1,507 | \$ (9) |
| <u>Disbursements:</u> | | | | |
| Transportation | 14,097 | 14,097 | - | 14,097 |
| Net Change in Fund Balance | (12,581) | (12,581) | 1,507 | 14,088 |
| Fund Balance Beginning of Year | 12,581 | 12,581 | 12,581 | - |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,088</u> | <u>\$ 14,088</u> |
| | | | | |
| Street Repair Fund | | | | |
| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$ 6,229 | \$ 6,229 | \$ 9,553 | \$ 3,324 |
| Intergovernmental | 964 | 964 | 1,478 | 514 |
| Total Receipts | 7,193 | 7,193 | 11,031 | 3,838 |
| <u>Disbursements:</u> | | | | |
| Transportation | 16,140 | 16,140 | 13,370 | 2,770 |
| Net Change in Fund Balance | (8,947) | (8,947) | (2,339) | 6,608 |
| Fund Balance Beginning of Year | 8,947 | 8,947 | 8,947 | - |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,608</u> | <u>\$ 6,608</u> |
| | | | | |
| Street Light Levy Fund | | | | |
| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$ 3,018 | \$ 3,018 | \$ 5,049 | \$ 2,031 |
| Intergovernmental | 337 | 337 | 564 | 227 |
| Total Receipts | 3,355 | 3,355 | 5,613 | 2,258 |
| <u>Disbursements:</u> | | | | |
| General Government | 5,872 | 5,872 | 4,760 | 1,112 |
| Net Change in Fund Balance | (2,517) | (2,517) | 853 | 3,370 |
| Fund Balance Beginning of Year | 2,517 | 2,517 | 2,517 | - |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,370</u> | <u>\$ 3,370</u> |

See accompanying notes to the basic financial statements.

Village of Zaleski
Vinton County, Ohio
Statements of Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual -Budgetary Basis
For the Year Ended December 31, 2008

| | Fire Contracts Fund | | | Variance with Final Budget Positive (Negative) |
|----------------------------------|-----------------------------------|-----------------|------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Charges for Services | \$ 11,100 | \$ 11,100 | \$ 6,900 | \$ (4,200) |
| <u>Disbursements:</u> | | | | |
| Security of Persons and Property | 32,682 | 32,682 | 7,150 | 25,532 |
| Net Change in Fund Balance | (21,582) | (21,582) | (250) | 21,332 |
| Fund Balance Beginning of Year | 21,582 | 21,582 | 21,582 | - |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,332</u> | <u>\$ 21,332</u> |
| | | | | |
| | Fire Levy Fund | | | Variance with Final Budget Positive (Negative) |
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$ 4,553 | \$ 4,553 | \$ 7,119 | \$ 2,566 |
| Intergovernmental | 651 | 651 | 1,018 | 367 |
| Total Receipts | 5,204 | 5,204 | 8,137 | 2,933 |
| <u>Disbursements:</u> | | | | |
| Security of Persons and Property | 34,422 | 34,422 | 15,875 | 18,547 |
| Net Change in Fund Balance | (29,218) | (29,218) | (7,738) | 21,480 |
| Fund Balance Beginning of Year | 29,218 | 29,218 | 29,218 | - |
| Fund Balance End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,480</u> | <u>\$ 21,480</u> |
| | | | | |
| | Zaleski School Memorial Park Fund | | | Variance with Final Budget Positive (Negative) |
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Interest | \$ - | \$ - | \$ 29 | \$ 29 |
| Miscellaneous | - | - | 3,183 | 3,183 |
| Total Receipts | - | - | 3,212 | 3,212 |
| <u>Disbursements:</u> | | | | |
| Leisure Time Activities | - | - | 629 | (629) |
| Net Change in Fund Balance | - | - | 2,583 | 2,583 |
| Fund Balance Beginning of Year | 5,263 | 5,263 | 5,263 | - |
| Fund Balance End of Year | <u>\$ 5,263</u> | <u>\$ 5,263</u> | <u>\$ 7,846</u> | <u>\$ 2,583</u> |

See accompanying notes to the basic financial statements.

Village of Zaleski
Vinton County, Ohio
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
As of December 31, 2008

| | <u>Water</u> |
|--|-------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ 89,920</u> |
| <i>Total Assets</i> | <u><u>\$ 89,920</u></u> |
| Fund Net Assets - Unrestricted | <u><u>\$ 89,920</u></u> |

See accompanying notes to the basic financial statements.

Village of Zaleski
Vinton County, Ohio
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2008

| | Water |
|---|----------------|
| Operating Receipts | |
| Charges for Services | \$ 37,333 |
| Other Operating Receipts | 8,434 |
| | 45,767 |
| <i>Total Operating Receipts</i> | <i>45,767</i> |
| | |
| Operating Disbursements | |
| Personal Services | 20,206 |
| Supplies and Materials | 6,806 |
| Utilities | 5,056 |
| | 32,068 |
| <i>Total Operating Disbursements</i> | <i>32,068</i> |
| | |
| <i>Excess of Operating Receipts</i> | |
| <i>Over Operating Disbursements</i> | 13,699 |
| | |
| Non-Operating Receipts (Disbursements) | |
| Principal | (2,000) |
| Interest and Fiscal Charges | (3,510) |
| Interest | 435 |
| | (5,075) |
| <i>Total Non-Operating Receipts and Disbursements</i> | <i>(5,075)</i> |
| | |
| <i>Change in Net Assets</i> | 8,624 |
| | |
| <i>Net Assets Beginning of Year</i> | 81,296 |
| | |
| <i>Net Assets End of Year</i> | \$ 89,920 |

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, 2008

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 government services, including water utilities and fire protection. The Village contracts with the Vinton County Sheriff's Department to provide security of persons and property.

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). Generally accepted accounting principles 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. In the fund financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activity and to its proprietary fund. 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 assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets 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 assets 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, 2008

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 fund's 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 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 general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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

State Highway Fund - This fund is used to account for monies received from the state to maintain state highways within the Village.

Street Repair Fund - This fund accounts for property tax levy monies used for maintenance and repair of streets within the Village.

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.

Village of Zaleski
Vinton County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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.

Fire Levy Fund – This fund receives local taxes to provide fire protection.

Zaleski School Memorial Park Fund – This fund is used to account for grant receipts for the purchase of the Zaleski School Memorial Park.

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 fund is an enterprise fund.

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 fund is 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 costs of providing services are financed through 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.

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.

Village of Zaleski
Vinton County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 2008, 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, and the Water Fund during 2008 amounted to \$555, \$29, and \$435, 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 bond obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

J. Net Assets

Net assets represent 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 Assets. Net assets are 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.

Village of Zaleski
Vinton County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Assets (Continued)

The Village applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide statement of net assets reports \$98,719 of restricted net assets, none of which are restricted by enabling legislation.

K. Fund Balance

The Village reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

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 reservation of fund balance (cash basis). There were no outstanding encumbrances at year end.

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;

Village of Zaleski
Vinton County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the Village lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the Village's total average portfolio; and
10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the Village's 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 or 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 has no policy regarding custodial credit risk.

As of December 31, 2008, the Village's bank balance of \$196,077 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

Village of Zaleski
Vinton County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, 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 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2006, were levied after October 1, 2007, 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.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 6.25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2008, was \$14.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

| | |
|----------------------------|--------------------|
| Real Property | |
| Residential | \$1,916,130 |
| Other | 84,760 |
| Public Utility Property | 143,190 |
| Tangible Personal Property | 660 |
| Total Assessed Value | <u>\$2,144,740</u> |

Village of Zaleski
Vinton County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 6. DEBT

Debt outstanding at December 31, 2008 was as follows:

| Business-Type Activities | Beginning Balance | Additions | Deletions | Ending Balance | Due in One Year |
|------------------------------|----------------------|-----------|-----------|-------------------|--------------------|
| Rural Development Bonds – 5% | \$70,200 | \$0 | \$2,000 | \$68,200 | \$2,100 |

The United States Department of Agriculture, Rural Development Bonds relate to a water expansion project. The Rural Development has provided \$93,000 in bonds to the Village for this project. The bonds will be repaid in average annual installments of \$5,478 over 40 years from the Water Fund.

In connection with the bonds, the Village has pledged future water collection revenues to repay this debt. The bonds are payable through their final maturities solely from water collection revenues received from water customers. The revenue available for these bonds for 2008 was \$37,333, and principal and interest paid was \$5,510. The coverage ratio for these bonds was 6.78 for the year ended December 31, 2008.

Amortization of the above debt is scheduled as follows:

| Year Ending December 31: | Rural Development Loan | |
|-----------------------------|------------------------|-----------------|
| | Principal | Interest |
| 2009 | \$2,100 | \$3,410 |
| 2010 | 2,200 | 3,305 |
| 2011 | 2,300 | 3,195 |
| 2012 | 2,400 | 3,080 |
| 2013 | 2,500 | 2,960 |
| 2014-2018 | 14,500 | 12,795 |
| 2019-2023 | 18,500 | 8,800 |
| 2024-2028 | 23,700 | 3,670 |
| Total | <u>\$68,200</u> | <u>\$41,215</u> |

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 (TP) – a cost-sharing multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – 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 (CO) – 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 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.

Village of Zaleski
Vinton County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 7. RETIREMENT SYSTEM (Continued)

Ohio Public Employees Retirement System (Continued)

- 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.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans.

The member contribution rates were 10.0% for 2008, 9.5% for 2007, and 9.0% for 2006 for the Village.

The employer contribution rates were 14.0% for 2008, 13.85% for 2007, and 13.70% for 2006 of covered payroll for the Village.

The Village's contributions to OPERS for the years ended December 31, 2008, 2007, and 2006 were \$2,902, \$4,362, and \$2,218, respectively, which were 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 (TP) – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – 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 members of both the TP and the CO 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-retirement 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.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Village of Zaleski
Vinton County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 8. POSTEMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (Continued)

- 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 benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, the Village contributed at 14% of covered payroll. In 2007 and 2006, the Village contributed at 13.85% and 13.70% of covered payroll, respectively. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits.

For 2008, the employer contributions allocated to the health care plan was 7.0% of covered payroll. For 2007, the employer contributions allocated to the health care plan from January 1 through June 30, 2007 and July 1, 2007 through December 31, 2007 was 5.0% and 6.0%, respectively. For 2006, the employer contributions allocated to the health care plan was 4.5%. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. 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 \$1,451 for 2008, \$1,417 for 2007 and \$739 for 2006.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

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 2008, the Village contracted with Ohio Government Risk Management Plan for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Ohio Government Risk Management are as follows:

| | | |
|---|-------|-----------|
| Building and Contents-replacement cost (\$500 deductible) | Limit | \$596,133 |
| Inland Marine Coverage (\$500 deductible) | Limit | 45,000 |
| Employer's Liability | | 1,000,000 |
| Public Officials Liability | | 1,000,000 |
| General Liability | | |
| Per occurrence | | 1,000,000 |
| Total per year | | 3,000,000 |

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, 2008

NOTE 9. RISK MANAGEMENT (Continued)

Commercial Insurance (Continued)

The Plan's financial statements (audited by other auditors – most recent dates available) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

| | <u>2007</u> | <u>2006</u> |
|-----------------|---------------------|---------------------|
| Assets | \$ 11,136,455 | \$ 9,620,148 |
| Liabilities | (4,273,553) | (3,329,620) |
| Members' Equity | <u>\$ 6,862,902</u> | <u>\$ 6,290,528</u> |

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

NOTE 10. RELATED PARTY

During 2008, the Village and the Madison Township Board of Trustees jointly purchased 2.961 acres of land for a park.

NOTE 11. COMPLIANCE

The Village had disbursements in excess of appropriations at the legal level of control in the General Fund and the Zaleski School Memorial Park Fund, which is contrary to Ohio Revised Code Section 5705.41(B).

Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

Members of Council
Village of Zaleski, Vinton County
P.O. Box 176
Zaleski, OH 45620

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Village of Zaleski, Vinton County, Ohio (the Village), as of and for the year ended December 31, 2008, and have issued our report thereon dated July 22, 2009. As discussed in Note 2, the Village followed the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement. We consider the deficiency described in the accompanying schedule of findings and responses as item 2008-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Village's management in a separate letter dated July 22, 2009.

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

This report is intended solely for the information and use of the Members of Council and management, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

July 22, 2009

VILLAGE OF ZALESKI, VINTON COUNTY
Schedule of Findings and Responses
For the Year Ended December 31, 2008

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

Finding Number 2008-001

Deposits of Public Money - Significant Deficiency

Through testing of the Village receipts, primarily in the water utility account, we found several instances where monies received by the Fiscal Officer were recorded in the revenue ledger several days prior to being deposited into the bank.

In order to increase the controls over the receipt and recording of monies, we recommend the Fiscal Officer post the receipt of money immediately after its receipt and make deposits to the bank within a reasonable time, within three days, thereafter.

Officials' Response

Daily deposits is not a realistic expectation because there isn't enough receipts received daily for effective use of clerk time. Deposits were made in a timely and accountable manner on a regular basis which is the intent of the law.

VILLAGE OF ZALESKI, VINTON COUNTY

Schedule of Prior Audit Findings

For the Years Ended December 31, 2008

| Finding Number | Description | Status | Comments |
|-----------------------|---|---------------|----------------------|
| | <i>Government Auditing Standards:</i> | | |
| 2007-001 | The Village did not record the financial activity of the Zaleski School Memorial Park Fund in the Village's financial statements. | Corrected | N/A |
| 2007-002 | The Fiscal Officer did not make deposits of Village funds to the depository in a timely manner. | Not Corrected | Reissued as 2008-001 |

VILLAGE OF ZALESKI, VINTON COUNTY
Corrective Action Plan
For the Years Ended December 31, 2008

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Contact Person |
|-----------------------|---|------------------------------------|------------------------------|
| 2008-001 | The Village plans to deposit receipts with the bank on a more frequent basis and not hold all utility payments to be deposited at one time. | Immediately | Sheryl Goble, Fiscal Officer |



Mary Taylor, CPA
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
OCTOBER 19, 2009