

Village of Dennison
Audited Financial Statements

December 31, 2009



Mary Taylor, CPA

Auditor of State

Village Council
Village of Dennison
302 Grant Street
P.O. Box 147
Dennison, Ohio 44621

We have reviewed the *Independent Auditor's Report* of the Village of Dennison, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Dennison is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 14, 2010

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**VILLAGE OF DENNISON
TUSCARAWAS COUNTY**

DECEMBER 31, 2009

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

May 4, 2010

Mayor and Members of Council
Village of Dennison
302 Grant Street
Dennison, OH 44621

Independent Auditor's Report

We have audited the accompanying financial statements of the Village of Dennison (the Village) as of and for the year ended December 31, 2009, 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. 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 described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2009, GAAP require presenting the entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2009 and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Kea & Associates, Inc.

VILLAGE OF DENNISON
TUSCARAWAS COUNTY

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

| | General | Special Revenue | Capital Projects | (Memorandum Only) Total |
|---|-------------------|--------------------|---------------------|-------------------------------|
| CASH RECEIPTS: | | | | |
| Property and other Local Taxes | \$ 783,955 | \$ 55,677 | \$ 0 | \$ 839,632 |
| Intergovernmental Revenue | 180,821 | 232,991 | 140,000 | 553,812 |
| Charges For Services | 28,133 | 6,463 | 0 | 34,596 |
| Fines, Licenses and Permits | 7,460 | 0 | 0 | 7,460 |
| Interest | 1,819 | 143 | 0 | 1,962 |
| Miscellaneous | 30,735 | 700 | 0 | 31,435 |
| Total Cash Receipts | 1,032,923 | 295,974 | 140,000 | 1,468,897 |
| CASH DISBURSEMENTS: | | | | |
| Current: | | | | |
| Security of Persons | 580,165 | 7,474 | 0 | 587,639 |
| Public Health Services | 0 | 42,553 | 0 | 42,553 |
| Leisure Time Activities | 0 | 39,314 | 0 | 39,314 |
| Community Environment | 13,406 | 0 | 0 | 13,406 |
| Basic Utility Services | 26,645 | 0 | 0 | 26,645 |
| Transportation | 649 | 114,494 | 0 | 115,143 |
| General Government | 244,334 | 0 | 0 | 244,334 |
| Capital Outlay | 138,847 | 117,510 | 0 | 256,357 |
| Debt Service: | | | | |
| Redemption of Principal | 79,833 | 0 | 0 | 79,833 |
| Interest and Other Finance Charges | 23,783 | 0 | 0 | 23,783 |
| Total Cash Disbursements | 1,107,662 | 321,345 | 0 | 1,429,007 |
| Total Cash Receipts Over (Under) Cash Disbursements | (74,739) | (25,371) | 140,000 | 39,890 |
| OTHER FINANCING RECEIPTS (DISBURSEMENTS): | | | | |
| Sale of Fixed Assets | 13,628 | 0 | 0 | 13,628 |
| Other Financing Sources | 0 | 177 | 0 | 177 |
| Advances - In | 140,000 | 0 | 0 | 140,000 |
| Advances - Out | 0 | 0 | (140,000) | (140,000) |
| Transfers - In | 0 | 30,335 | 0 | 30,335 |
| Transfers - Out | (30,335) | 0 | 0 | (30,335) |
| Total Other Financing Receipts (Disbursements) | 123,293 | 30,512 | (140,000) | 13,805 |
| Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements | 48,554 | 5,141 | 0 | 53,695 |
| FUND CASH BALANCES, January 1, 2009 | 306,137 | 209,104 | 21 | 515,262 |
| FUND CASH BALANCES, December 31, 2009 | \$ 354,691 | \$ 214,245 | \$ 21 | \$ 568,957 |
| RESERVE FOR ENCUMBRANCES | \$ 2,495 | \$ 261 | \$ 0 | \$ 2,756 |

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DENNISON
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Dennison, Tuscarawas County, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), and police and fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Investments are limited to certificates of deposit.

The Village maintains all cash in a checking or money market savings account, which is valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted to use. The Village classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF DENNISON
TUSCARAWAS COUNTY**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

State Highway Fund – This fund receives gasoline taxes and motor vehicle tax money for constructing, maintaining and repairing State highways.

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2009 budgetary activity appears in Note 3.

**VILLAGE OF DENNISON
TUSCARAWAS COUNTY**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the financial statements.

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 basis of accounting.

NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was \$568,957.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village and by a bank deposit guarantee bond.

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2009 is as follows:

| <u>2009 Budgeted vs. Actual Receipts</u> | | | |
|--|----------------------------|---------------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,135,400 | \$ 1,046,551 | \$ (88,849) |
| Special Revenue | 230,307 | 326,486 | 96,179 |
| Capital Projects | 140,000 | 140,000 | 0 |
| Total | <u>\$ 1,505,707</u> | <u>\$ 1,513,037</u> | <u>\$ 7,330</u> |
| <u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u> | | | |
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 1,196,496 | \$ 1,140,492 | \$ 56,004 |
| Special Revenue | 345,069 | 321,606 | 23,463 |
| Capital Projects | 0 | 0 | 0 |
| Total | <u>\$ 1,541,565</u> | <u>\$ 1,462,098</u> | <u>\$ 79,467</u> |

**VILLAGE OF DENNISON
TUSCARAWAS COUNTY**

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

NOTE 4: PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County each April 30.

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

NOTE 5: LOCAL INCOME TAX

The Village levies a municipal income tax of 2% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 6: DEBT

Debt outstanding at December 31, 2009 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|----------------------------------|-------------------|--------------------------|
| Industrial Park Improvement Note | \$ 295,625 | 2.25% |
| Logan Street Project Notes | <u>291,667</u> | 3.55 – 5.37% |
| Total | <u>\$ 587,292</u> | |

The Village of Dennison renewed a note in 2003 with the First National Bank of Dennison for the Industrial Park Improvements. The note was originally acquired in April of 2000 as an open note and was totally drawn down in 2003. The interest rate fluctuates at prime minus 1%. The Industrial Park Improvement note matures in 2023.

In November 2008, the Village of Dennison obtained a loan for the Logan Street project in the amount of \$350,000 from the First National Bank of Dennison. The loan is set up as a series of 6 different notes maturing in each of the next six years. Interest rates range from 3.55% to 5.37%.

**VILLAGE OF DENNISON
TUSCARAWAS COUNTY**

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

NOTE 6: DEBT (Continued)

Amortization of the above debt is scheduled as follows. The Village receives an updated amortization schedule each year from the bank since the interest rates are variable:

| Year ending 31-Dec | Logan Street Note Principal | Logan Street Note Interest | Industrial Park Imp. Note Principal | Industrial Park Imp. Interest |
|-----------------------|--------------------------------------|-------------------------------------|--|-------------------------------------|
| 2010 | \$ 58,333 | \$ 14,419 | \$ 21,500 | \$ 6,519 |
| 2011 | 58,333 | 11,917 | 21,500 | 6,028 |
| 2012 | 58,333 | 9,193 | 21,500 | 5,554 |
| 2013 | 58,334 | 6,240 | 21,500 | 5,047 |
| 2014 | 58,334 | 3,176 | 21,500 | 4,557 |
| 2015-2019 | 0 | 0 | 107,500 | 15,438 |
| 2020-2024 | 0 | 0 | 80,625 | 3,264 |
| Totals | <u>\$ 291,667</u> | <u>\$ 44,945</u> | <u>\$ 295,625</u> | <u>\$ 46,407</u> |

NOTE 7: RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% for police and 24% for firemen of participant's gross salaries. OPERS members contributed 9.5% of their wages. The Village contributed an amount equal to 14% of OPERS participants' gross salaries for 2009. The Village has paid all contributions required through December 31, 2009.

**VILLAGE OF DENNISON
TUSCARAWAS COUNTY**

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

NOTE 8: RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles
- General Liability
- Public Official's Liability
- Employers Liability; and
- Law Enforcement Liability

Settled claims have not exceeded this commercial coverage in any of the past three years. Also, the Village did not significantly reduce their limits of liability during the year.

NOTE 9: JOINTLY GOVERNED ORGANIZATIONS

A. Twin City Water and Sewer District (District)

The District is a jointly governed organization under Ohio Revised Code §6119.01, and is established to supply water to and to provide for the collection, treatment and disposal of waste water within the Uhrichsville-Dennison district, or beyond with additional fees. During 2009, \$7,164 was paid to the District by the Village.

B. Uhrichsville-Dennison-Union Mill Cemetery (Cemetery)

The Cemetery is a jointly governed organization under Ohio Revised Code §759.27, and is directed by an appointed three-member board. Uhrichsville, Dennison and Union Mill Township each appoint one member to the board. The Cemetery provides burial services, operations and maintenance of the cemetery. During 2009, no monies were paid to the Cemetery by the Village.

C. Community Improvement Corporation of Tuscarawas County (Corporation)

The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugarcreek and Gnadenhutten. It is controlled by 25 trustees consisting of the three County Commissioners, the mayor of each participating Village and 15 self-elected trustees. The board exercises total control over the operations of the Corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. During 2009, no monies were paid to the Corporation by the Village.

**VILLAGE OF DENNISON
TUSCARAWAS COUNTY**

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

NOTE 9: JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Tuscarawas County Regional Planning Commission (Commission)

The Village is associated with the Tuscarawas County Regional Planning Commission as a Jointly Governed Organization. The Commission is statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. During 2009, \$419 was paid to the Commission by the Village.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

May 4, 2010

Mayor and Members of Council
Village of Dennison
302 Grant Street
Dennison, OH 44621

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

We have audited the financial statements of the Village of Dennison (the Village) as of and for the year ended December 31, 2009, and have issued our report thereon dated May 4, 2010, wherein we noted the Village follows accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in finding 2009-001 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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 grant agreements, 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 4, 2010.

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

Kea & Associates, Inc.

**VILLAGE OF DENNISON
TUSCARAWAS COUNTY**

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

| |
|--|
| 1. SUMMARY OF AUDITOR'S RESULTS |
|--|

| | |
|--|-------------|
| Type of Financial Statement Opinion | Unqualified |
| Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| Were there any other internal control deficiencies conditions reported at the financial statement level (GAGAS)? | Yes |
| Was there any reported material non-compliance at the financial statement level (GAGAS)? | No |

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

| | |
|----------------|------------|
| FINDING NUMBER | 2009 – 001 |
|----------------|------------|

Significant Deficiency

During testing we noted a number of misposted receipts on the Village books. We also noted that the Village made improvements in the posting of receipts from the prior year, particularly in property tax revenues. The receipt errors noted in testing were misclassifications of intergovernmental receipts and other financing sources. The Village was a beneficiary of two grants which were carried out or administered by other governmental entities. The grants were for projects that benefitted the Village and its citizens and as beneficiaries the cash value benefit of the grants disbursed should have been recorded as memorandum receipts and disbursements. The grant awards were not recorded by the Village. Inaccurate postings of grant awards and disbursements causes an inaccurate reflection of project costs. The Village also recorded a grant award as an other financing source rather than intergovernmental revenue. With incorrect postings of receipts management is also unable to compare receipt sources with prior years in order to determine what funding trends are taking place. The audited financial statements reflect the adjustments.

We recommend management communicate all grant awards to be administered by other governments to the Clerk Treasurer for proper accounting and budgeting. We also recommend management not only sign the receipt form but indicate the account codes have been reviewed by placing a check mark on the account code on the receipt forms. We also recommend continued education for the Clerk Treasurer and Deputy Clerk on the proper recording procedures for the various funding sources as well as establish an accounting policies and procedures manual. Additionally we recommend continued review of the UAN manual for proper coding and any other manner of review management deems necessary. Improvement will enable management to have an accurate picture of the financial condition of the Village during the year and will provide a better budgeting tool for the Village Council.

Management response:

A review of UAN codes will be done and will work together with the UAN consultant and Rea & Associates to ensure proper allocation. All grant awards to be administered on the Village's behalf will be recorded properly.

VILLAGE OF DENNISON
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|-----------------------|--|-------------------------|--|
| 2008-001 | There were a number of misposted receipts on the Village's books particularly in property tax and intergovernmental revenues requiring fund balance realignment. | No | Partially corrected - Village uses settlement sheets and guidance included in UAN handbook to properly post receipts. Clerk Treasurer is also reviewing receipts and account codings. There were still a small number of misspostings in 2009. |
| 2008-002 | Expenditures exceeding appropriations, Village did not record debt activity properly. | Yes | Village is now aware of requirements for recording debt proceeds and repayment. UAN system allows Village to see appropriations vs. expenditures at object level ensuring appropriations do not exceed expenditures at the legal level of control. |



Mary Taylor, CPA
Auditor of State

VILLAGE OF DENNISON

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 24, 2010**