



**VILLAGE OF DALTON  
WAYNE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF DALTON  
WAYNE COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Dalton  
Wayne County  
1 West Main Street  
P.O. Box 493  
Dalton, Ohio 44618

To the Village Council:

We have audited the accompanying financial statements of the Village of Dalton, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

June 28, 2002

**VILLAGE OF DALTON  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$86,520				\$419,962	\$506,482
Intergovernmental	89,902	\$104,561				194,463
Charges for Services	1,012	14,305				15,317
Fines, Licenses, and Permits	24,307	423				24,730
Earnings on Investments	15,066	2,887				17,953
Miscellaneous	200	74				274
<b>Total Cash Receipts</b>	<b>217,007</b>	<b>122,250</b>	<b>\$0</b>	<b>\$0</b>	<b>419,962</b>	<b>759,219</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	235,567	8,801				244,368
Public Health Services	6,900	21,619				28,519
Leisure Time Activities	17,889					17,889
Basic Utility Services	2,318					2,318
Transportation	73,606	59,842				133,448
General Government	110,399				18,289	128,688
Debt Service:						
Principal Payment			16,944	504,500		521,444
Interest Payment				5,272		5,272
Capital Outlay	763			136,812		137,575
<b>Total Cash Disbursements</b>	<b>447,442</b>	<b>90,262</b>	<b>16,944</b>	<b>646,584</b>	<b>18,289</b>	<b>1,219,521</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(230,435)</b>	<b>31,988</b>	<b>(16,944)</b>	<b>(646,584)</b>	<b>401,673</b>	<b>(460,302)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Proceeds of Bonds				504,500		504,500
Sale of Fixed Assets				300		300
Transfers-In	245,700	12,418	16,944	174,300		449,362
Transfers-Out	(79,366)				(420,000)	(499,366)
Other Sources				3,440		3,440
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>166,334</b>	<b>12,418</b>	<b>16,944</b>	<b>682,540</b>	<b>(420,000)</b>	<b>458,236</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(64,101)	44,406		35,956	(18,327)	(2,066)
Fund Cash Balances, January 1	153,300	34,893	0	403,175	38,824	630,192
<b>Fund Cash Balances, December 31</b>	<b>\$89,199</b>	<b>\$79,299</b>	<b>\$0</b>	<b>\$439,131</b>	<b>\$20,497</b>	<b>\$628,126</b>
Reserves for Encumbrances, December 31	\$18,281	\$350	\$0	\$1,500	\$0	\$20,131

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

**VILLAGE OF DALTON  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$378,481		\$257	\$378,738
Earnings on Investment		\$2,900		2,900
Total Operating Cash Receipts	<u>378,481</u>	<u>2,900</u>	<u>257</u>	<u>381,638</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	101,896			101,896
Fringe Benefits	2,982			2,982
Contractual Services	56,275		197	56,472
Supplies and Materials	109,717		45	109,762
Capital Outlay	27,046			27,046
Total Operating Cash Disbursements	<u>297,916</u>	<u>0</u>	<u>242</u>	<u>298,158</u>
Operating Income	<u>80,565</u>	<u>2,900</u>	<u>15</u>	<u>83,480</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service - Principal	11,000			11,000
Debt Service - Interest	60,354			60,354
Total Non-Operating Cash Disbursements	<u>71,354</u>	<u>0</u>	<u>0</u>	<u>71,354</u>
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	9,211	2,900	15	12,126
Transfers-In	<u>50,004</u>			<u>50,004</u>
Net Cash Receipts Over Cash Disbursements	59,215	2,900	15	62,130
Fund Cash Balances, January 1	<u>256,809</u>	<u>53,047</u>	<u>40</u>	<u>309,896</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$316,024</u></b>	<b><u>\$55,947</u></b>	<b><u>\$55</u></b>	<b><u>\$372,026</u></b>
Reserve for Encumbrances, December 31	<u>\$26,232</u>	<u>\$0</u>	<u>\$0</u>	<u>\$26,232</u>

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



**VILLAGE OF DALTON  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$82,893			\$431,034	\$513,927
Intergovernmental	166,536	\$92,160	\$120,177		378,873
Charges for Services	959	7,960	17,614		26,533
Fines, Licenses, and Permits	25,129	595			25,724
Earnings on Investments	23,899	1,666			25,565
Miscellaneous	1,142	1,082			2,224
<b>Total Cash Receipts</b>	<b>300,558</b>	<b>103,463</b>	<b>137,791</b>	<b>431,034</b>	<b>972,846</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	226,213	31,247			257,460
Public Health Services	6,341	20,716			27,057
Leisure Time Activities	13,391				13,391
Basic Utility Services	2,076				2,076
Transportation	70,584	137,137			207,721
General Government	127,887	804		16,688	145,379
Debt Service:					
Principal Payment			285,147		285,147
Interest Payment			10,614		10,614
Capital Outlay	4,503		441,474		445,977
<b>Total Cash Disbursements</b>	<b>450,995</b>	<b>189,904</b>	<b>737,235</b>	<b>16,688</b>	<b>1,394,822</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(150,437)</b>	<b>(86,441)</b>	<b>(599,444)</b>	<b>414,346</b>	<b>(421,976)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds of Bonds			504,500		504,500
Transfers-In	189,000	18,269	231,000		438,269
Transfers-Out	(18,269)		(50,004)	(420,000)	(488,273)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>170,731</b>	<b>18,269</b>	<b>685,496</b>	<b>(420,000)</b>	<b>454,496</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,294	(68,172)	86,052	(5,654)	32,520
Fund Cash Balances, January 1	133,006	103,065	317,123	44,478	597,672
<b>Fund Cash Balances, December 31</b>	<b>\$153,300</b>	<b>\$34,893</b>	<b>\$403,175</b>	<b>\$38,824</b>	<b>\$630,192</b>
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0

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

**VILLAGE OF DALTON  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$363,020			\$363,020
Interest		\$1,366		1,366
Total Operating Cash Receipts	363,020	1,366	\$0	364,386
<b>Operating Cash Disbursements:</b>				
Personal Services	95,265			95,265
Fringe Benefits	1,420			1,420
Contractual Services	52,559			52,559
Supplies and Materials	84,354			84,354
Capital Outlay	19,681			19,681
Total Operating Cash Disbursements	253,279	0	0	253,279
Operating Income	109,741	1,366	0	111,107
<b>Non-Operating Cash Disbursements:</b>				
Debt Service - Principal	10,000			10,000
Debt Service - Interest	61,016			61,016
Total Non-Operating Cash Disbursements	71,016	0	0	71,016
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	38,725	1,366	0	40,091
Transfers-In	50,004			50,004
Net Cash Receipts Over Cash Disbursements	88,729	1,366	0	90,095
Fund Cash Balances, January 1	168,080	51,681	40	219,801
<b>Fund Cash Balances, December 31</b>	<b>\$256,809</b>	<b>\$53,047</b>	<b>\$40</b>	<b>\$309,896</b>
Reserve for Encumbrances, December 31	\$4,250	\$0	\$0	\$4,250

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

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Dalton, Wayne County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services. The Village contracts with the Dalton Volunteer Fire Department to provide protection services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except for debt service funds maintained by outside custodians which are not included in these financial statements. These assets are further described in Note 10 to the financial statements.

**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**

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as cash disbursements, and sales of investments are not recorded as cash receipts. Gains or losses at the time of sale are recorded as cash receipts or cash disbursements, respectively.

**D. Fund Accounting**

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

**1. 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.

**2. 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 has the following significant Special Revenue Funds:

VILLAGE OF DALTON  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

*Cops Fast Fund* - This fund receives grant monies for the reimbursement of police expenses.

*Cemetery Fund* - This fund receives monies from grave sales and interment services. The fund is to be used for Cemetery maintenance costs.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village has the following Capital Projects Funds:

*Capital Improvement Fund* - This fund receives its revenue from income tax allocations. It is used to account for major capital improvements as approved by Village Council.

*East Main Street Improvement Fund* - This fund received general obligation note proceeds to improve Village sidewalks and streets.

4. Enterprise Funds

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Income Tax Fund* - This expendable trust fund is used to account for income tax collections.

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**5. Fiduciary Funds (Trust and Agency Funds) (Continued)**

*Cemetery Endowment Fund* – This nonexpendable trust fund is set up to provide general maintenance to the Village cemetery.

*Mayor's Court Agency Fund* – This fund receives fines and forfeitures from the Mayor's Court to be distributed to the Village and State of Ohio. During 1999, the Mayor's Court was dissolved. Current Mayor's Court cash receipts are collections made against outstanding fines.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except the Mayor's Court Agency Fund) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level during 2001 and at the fund, function, and object level during 2000, 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**2. EQUITY IN POOLED CASH**

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

	2001	2000
Demand deposits	\$750,152	\$690,088
Certificates of deposit	250,000	250,000
Total deposits	\$1,000,152	\$940,088

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$467,551	\$462,707	(\$4,844)
Special Revenue	205,500	134,668	(70,832)
Debt Service	25,000	16,944	(8,056)
Capital Projects	761,500	682,540	(78,960)
Enterprise	460,000	428,485	(31,515)
Fiduciary	455,000	422,862	(32,138)
Total	\$2,374,551	\$2,148,206	(\$226,345)

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditure	Variance
General	\$595,851	\$545,089	\$50,762
Special Revenue	218,390	90,612	127,778
Debt Service	25,000	16,944	8,056
Capital Projects	1,062,664	648,084	414,580
Enterprise	812,565	395,502	417,063
Fiduciary	546,869	438,289	108,580
Total	<u>\$3,261,339</u>	<u>\$2,134,520</u>	<u>\$1,126,819</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$504,120	\$489,558	(\$14,562)
Special Revenue	195,000	121,732	(73,268)
Capital Projects	796,500	873,291	76,791
Enterprise	468,000	435,560	(32,440)
Fiduciary	452,000	432,400	(19,600)
Total	<u>\$2,415,620</u>	<u>\$2,352,541</u>	<u>(\$63,079)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$535,333	\$469,264	\$66,069
Special Revenue	298,062	189,904	108,158
Capital Projects	951,612	787,239	164,373
Enterprise	693,086	351,081	342,005
Fiduciary	498,159	436,688	61,471
Total	<u>\$2,976,252</u>	<u>\$2,234,176</u>	<u>\$742,076</u>

**4. NONCOMPLIANCE**

Contrary to Ohio Rev. Code Section 5705.41 (D), certain expenditures were not certified until the time of payment.

Contrary to Ohio Rev. Code Section 5705.09, the Village did not initially record Issue II receipts and expenditures.

Contrary to the Debt Covenant for the Sanitary System First Mortgage Revenue Bonds, Series 1989, revenue for the retirement of debt was not initially recorded into the Sanitary Sewer Bond Retirement Fund.

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 semiannual 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 by each April 30.

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

**6. LOCAL INCOME TAX**

The Village levies an unvoted municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of 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.

**7. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1989 - Mortgage Revenue Bonds	\$900,000	6.625%
2001 - Various Purpose Bonds	504,500	5.650%
Total	<u>\$1,404,500</u>	

The 1989 Mortgage Revenue Bonds were to fund improvements to the Municipal Sanitary Sewer System. These bonds will be paid in semi-annual installments over 40 years. The Village is required to adjust rates and charges for the services and facilities of its sanitary sewer system in amounts sufficient to pay for these bonds.

The 2001 Various Purpose Bonds are comprised of 3 outstanding notes in the amounts of \$185,000, \$169,000 and \$150,500 to improve Main and Mill Streets, acquisition of a building and land to house municipal offices. These bonds will be paid in semi-annual installments over 10 years.



**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. DEBT (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

	Mortgage Revenue Bonds	Various Purpose Bonds
Year ending December 31:		
2002	\$71,625	\$42,406
2003	71,830	42,399
2004	70,969	42,445
2005	71,107	42,441
2006	71,180	42,384
2007 – 2029	1,645,822	636,453
Total	\$2,002,533	\$848,528

**8. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**9. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the Pool), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2000 and 1999 (the latest years available):

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u><u>(\$904,546)</u></u>	<u><u>\$689,536</u></u>

**10. DEBT SERVICE TRUSTEED FUNDS**

The First Mortgage Sanitary Sewerage System and Sewage Disposal Plant Revenue trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2001, the custodian held \$21,380 of Village funds. These funds, and the related payments to bondholders, are not reflected in the accompanying financial statements. These funds are currently invested in U. S. Treasury Strips, which are not eligible investments (See Note 4).

**11. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Dalton  
Wayne County  
1 West Main Street  
P.O. Box 493  
Dalton, Ohio 44618

To the Village Council:

We have audited the accompanying financial statements of the Village of Dalton, Wayne County, Ohio, (the Village) as of and for the years ended 2001 and 2000, and have issued our report thereon dated June 28, 2002. We conducted our audits 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-30985-001 through 2001-30985-003.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 28, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Village of Dalton  
Wayne County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 28, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

June 28, 2002

VILLAGE OF DALTON  
WAYNE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-30985-001

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void, and no warrant shall be issued in payment of any amount due thereto.

This section also provides two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipts of such certificate
2. If the amount involved is less than \$1,000, the Village Clerk may authorize payment through a Then and Now Certificate without affirmation of Village Council

During 2001 and 2000, 55% (33 out of 60) of expenditures tested were certified after the obligation date. Also, neither of the two exceptions was utilized. We recommend the Village Clerk inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should certify the availability of funds prior to incurring any obligation, in order to avoid overspending. The Village should also implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41(D).

FINDING NUMBER 2001-30985-002

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.09** requires each subdivision to establish a special fund for each class of revenue derived from a source other than general property tax, which the law requires to be used for a particular purpose.

During 2000, the Village did not initially utilize the established Issue II fund to record Ohio Public Works Commission receipts and subsequent expenditures totaling \$93,927. As a result, Village receipts and disbursements were initially understated. The Village should utilize the Issue II Fund to account for all related receipt and disbursement activity. In addition, the Village should refer to Auditor of State Bulletins 2002-04 and 2000-08 for further guidance.

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

(Continued)

**FINDING NUMBER 2001-30985-003**

**Noncompliance Citation**

**The Sanitary Sewer System First Mortgage Revenue Bonds, Series 1989 Debt Agreement**, requires the Village to fix and revise rates and charges for the facilities and services of its sanitary sewer system to promptly pay all expenses incident to the operation of the system, a sinking fund for the payment of principal and interest on the bonds and a reserve fund for emergency repairs to the system. In addition, each month there shall be a transfer from the SSSA (Sanitary Sewer System Account) to Sanitary Sewer System First Mortgage Bond and Interest Sinking Fund (Sinking Fund) in an amount equal to 1/12 the annual principal and interest payment.

During 2001, the Village Clerk transferred from the General and Sewer Funds, \$50,000 and \$21,000, respectively, to the Sewer Bond Retirement Fund for the Sanitary Sewer System First Mortgage Revenue Bond principal and interest payments. In addition, during 2000, transfers were made from the Capital Improvement and the Sewer Funds in the amounts of \$50,000 and \$22,000, respectively, to the Sewer Bond Retirement Fund for the Sanitary Sewer System First Mortgage Revenue Bond principal and interest payments. As a result, these transfers did not adhere to the Sanitary Sewer System First Mortgage Revenue Bonds, Series 1989 debt covenant. The debt covenant requires principal and interest payments to be made from the collection of charges for services for sewer rates.

The Village Clerk should record monthly sewer rate charges for service receipts into the Sewer Bond Retirement Fund in an amount equal to the required principal and interest payments. This will help ensure the Village complies with the aforementioned debt covenant.

**VILLAGE OF DALTON  
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
1999-30985-001	<b>Ohio Rev. Code Section 5705.41 (D)</b> – Failure to certify funds.	No	Not Corrected – During 2001 and 2000, 55% of expenditures tested were not properly certified Reissued as finding 2001-30985-001.
1999-30985-002	<b>Ohio Rev. Code Section 5705.41 (B)</b> – Expenditures exceeded appropriations	Yes	Finding no longer valid
1999-30985-003	<b>Ohio Rev. Code Sections 135.14 and 133.03(A)(1)</b> – Monies held by escrow agent were illegally invested	No	Not Corrected. The 1962 Mortgage revenue Bond was paid in full during 2002. See Management Letter Comment No. 3.
1999-30985-004	<b>Ohio Rev. Code Section 5705.09</b> – Issue II receipts and expenditures were not recorded.	No	Not Corrected – During 2000, OPWC receipts and expenditures were not initially recorded. Reissued as finding 2001-30985-002.
1999-30985-005	<b>Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16</b> – Certain transfers were made that did not adhere to the Ohio Revised Code.	No	Not Corrected – See Management Letter comment No. 6.







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**VILLAGE OF DALTON**

**WAYNE 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  
AUGUST 13, 2002**