

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

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**STATE OF OHIO**



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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Dennison  
Tuscarawas County  
302 Grant Street  
Dennison, Ohio 44621

To the Village Council:

We have audited the accompanying financial statements of the Village of Dennison, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, 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 12, 2000 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.

The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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", written in a cursive style.

**Jim Petro**  
Auditor of State

June 12, 2000

**VILLAGE OF DENNISON  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals</b>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$582,616	\$34,726	\$617,342
Intergovernmental	129,533	163,315	292,848
Charges for Services	0	25,403	25,403
Fines, Licenses, and Permits	8,993	0	8,993
Interest	4,560	804	5,364
Miscellaneous	28,618	14,024	42,642
<b>Total Cash Receipts</b>	<u>754,320</u>	<u>238,272</u>	<u>992,592</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	494,984	11,878	506,862
Public Health Services	793	0	793
Leisure Time Activities	0	119,312	119,312
Community Environment	8,663	0	8,663
Basic Utility Services	14,925	0	14,925
Transportation	0	182,114	182,114
General Government	178,958	17,974	196,932
Capital Outlay	0	25,000	25,000
<b>Total Cash Disbursements</b>	<u>698,323</u>	<u>356,278</u>	<u>1,054,601</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>55,997</u>	<u>(118,006)</u>	<u>(62,009)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds of Notes	0	25,000	25,000
Transfers-In	0	140,000	140,000
Transfers-Out	(140,000)	0	(140,000)
Other Financing Sources	0	2,272	2,272
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(140,000)</u>	<u>167,272</u>	<u>27,272</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(84,003)</u>	<u>49,266</u>	<u>(34,737)</u>
<b>Fund Cash Balances, January 1</b>	<u>305,966</u>	<u>136,745</u>	<u>442,711</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$221,963</b></u>	<u><b>\$186,011</b></u>	<u><b>\$407,974</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

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

**VILLAGE OF DENNISON  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$532,085	\$30,093	\$562,178
Intergovernmental	112,386	398,391	510,777
Charges for Services	0	25,281	25,281
Fines, Licenses, and Permits	3,677	0	3,677
Earnings on Investments	7,200	1,270	8,470
Miscellaneous	24,188	0	24,188
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	679,536	455,035	1,134,571
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	412,488	18,155	430,643
Leisure Time Activities	0	383,312	383,312
Basic Utility Services	14,137	0	14,137
Transportation	0	163,091	163,091
General Government	146,046	27,537	173,583
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	572,671	592,095	1,164,766
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	106,865	(137,060)	(30,195)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	0	120,000	120,000
Transfers-Out	(120,000)	0	(120,000)
Other Financing Sources	0	1,702	1,702
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(120,000)	121,702	1,702
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(13,135)	(15,358)	(28,493)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances January 1	319,101	152,103	471,204
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$305,966</u></b>	<b><u>\$136,745</u></b>	<b><u>\$442,711</u></b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$45,532</u>	<u>\$45,532</u>

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



**VILLAGE OF DENNISON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**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**

The Village had no investments during the audit period.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash that is restricted as to their 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 by law or contract to be restricted.

**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 had the following significant Special Revenue Funds:

**VILLAGE OF DENNISON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(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.

Parks and Recreation Fund – This fund receives monies from charges for services for operating the pool and park.

**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 appropriation at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriations measures and subsequent amendments. The County Budget commission must also approve the annual appropriations measure. Appropriations lapse at the year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The Village did not encumber all commitments required by Ohio law.

Encumbrances are purchase orders, contracts and other commitments for the expenditure of monies that are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

A summary of 1999 through 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**VILLAGE OF DENNISON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**G. Unpaid Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$407,974	\$442,711

**Deposits:** Contrary to Ohio Revised Code § 135.18, the Village did not have sufficient collateral to cover depository balances during 1999 and 1998.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 614,476	\$ 754,320	\$ 139,844
Special Revenue	788,361	405,544	(382,817)
Total	\$ 1,402,837	\$ 1,159,864	\$ (242,973)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 971,845	\$ 838,323	\$ 133,522
Special Revenue	824,374	356,278	468,096
Total	\$ 1,796,219	\$ 1,194,601	\$ 601,618

**VILLAGE OF DENNISON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$615,600	\$679,536	\$63,936
Special Revenue	<u>578,581</u>	<u>576,737</u>	<u>(1,844)</u>
Total	<u>\$1,194,181</u>	<u>\$1,256,273</u>	<u>\$62,092</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 862,762	\$ 692,671	\$ 170,091
Special Revenue	<u>789,060</u>	<u>637,627</u>	<u>151,433</u>
Total	<u>\$ 1,651,822</u>	<u>\$ 1,330,298</u>	<u>\$ 321,524</u>

During 1999 and 1998, certain Village expenditures were not certified by the Clerk until after incurring the obligation which is contrary to Ohio Revised Code § 5705.41 (D).

During 1999 and 1998, appropriations exceeded estimated resources in several Village funds which is contrary to Ohio Revised Code § 5705.39.

During 1999 and 1998, the Depot Fund had a negative cash balance which is contrary to Ohio Revised Code § 5705.10.

**4. 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 payment, 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.

**VILLAGE OF DENNISON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
90 day note for Grader	\$ 25,000	5.75%

The Village of Dennison took out a note from the First National Bank of Dennison to purchase a grader for the street department. This note was acquired in November of 1999 and will be repaid in one installment in February 2000.

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Fireman's Disability and pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability
- Vehicles
- General Liability
- Public Officials' Liability
- Employers Liability
- Law Enforcement Liability

**8. JOINTLY GOVERNED ORGANIZATIONS**

**A. Twin City Water and Sewer District (District)**

The District is a jointly governed organization organized 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 1999 and 1998, no monies were received from the Village.

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

The Cemetery is a jointly governed organization organized 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 1999 and 1998, no monies were received from the Village.

**VILLAGE OF DENNISON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**8. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. Community Improvement Corporation of Tuscarawas County (Corporation)**

The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugar Creek and Gnadenhutten. It is controlled by 25 trustees consisting of the three County Commissioners, the mayor of each participating city and fifteen 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 1999 and 1998, no monies were received from the Village.

**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 a 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. In 1999 and 1998, no monies were received from the Village.

**9. PRIOR PERIOD ADJUSTMENT**

Prior to 1998, the Police and Fireman's Pension and Depot, Special Revenue funds, were incorrectly reported as Expendable Trust and Capital Projects funds, respectively. In addition, the General Fund balance was overstated due to an error.

The correction of these errors had the following net effect on fund balances as previously reported at December 31, 1997.

	Balance Previously Reported	Restatement	Restated Balance January 1, 1998
General Fund	\$357,130	(\$38,029)	\$319,101
Special Revenue	\$98,182	\$53,921	\$152,103
Capital Projects	(\$1,254)	\$1,254	\$0
Expendable Trust	\$17,153	(\$17,153)	\$0



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111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
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800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

Village of Dennison  
Tuscarawas County  
302 Grant Street  
Dennison, Ohio 44621

To the Village Council:

We have audited the accompanying financial statements of the Village of Dennison, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 12, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 is described in the accompanying Schedule of Findings as items 1999-31279-001, 1999-31279-002, 1999-31279-003, and 1999-31279-004.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 12, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-31279-005.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

We also 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 12, 2000.

This report is intended 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 12, 2000





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Facsimile 330-471-0001  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Dennison  
Tuscarawas County  
302 Grant Street  
Dennison, Ohio 44621

To the Village Council:

**Compliance**

We have audited the compliance of the Village of Dennison, Tuscarawas County, Ohio, (the Village ) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1998. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

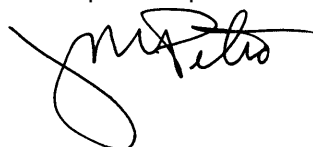
In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.

**Internal Control Over Compliance**

The management of Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, Village Council and federal awarding agencies and pass-through entities, 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", written in a cursive style.

**Jim Petro**  
Auditor of State

June 12, 2000

VILLAGE OF DENNISON  
TUSCARAWAS COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1998

<u>FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE</u>	<u>PASS THROUGH ENTITY NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u> <i>(Passed Through Ohio Department of Transportation)</i>				
Highway Planning and Construction Grant (Depot)	N/A	20.205	\$186,999	\$262,222
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u> <i>(Passed Through Ohio Department of Public Safety- Ohio Emergency Management Agency)</i>				
Emergency Management State and Local Assistance (FEMA)	N/A	83.534	72,284	27,537
<u>U.S. DEPARTMENT OF JUSTICE</u> <i>(Direct)</i>				
Public Safety Partnership and Community Policing Grants (COPS Fast)	N/A	16.710	494	15,201
TOTAL			<u>\$259,777</u>	<u>\$304,960</u>

See the accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

**Note A - Significant Account Policies**

The Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**DECEMBER 31, 1998**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Highway Planning and Construction Grant CFDA # 20.205
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**Noncompliance**

**FINDING NUMBER 1999-31279-001**

**Ohio Revised Code § 5705.10** states, in part, that money paid into any fund shall be used only for the purposes for which such fund is established. The deficit balance indicated that cash from one fund had been used to pay the obligations of another fund.

The Depot Fund had negative fund balances throughout the year and at year end for both 1999 and 1998. As of December 31, 1999 and 1998, the negative balances were \$13,997 and \$42,988, respectively.

To help ensure that monies are expended from the appropriate fund(s), the Village should consider advancing monies from the General Fund to ensure that adequate appropriations exist at the time expenditures are made until grant reimbursements are received.

**FINDING NUMBER 1999-31279-002**

**Ohio Revised Code § 5705.39** states that the total appropriation from each fund should not exceed the total estimated revenue.

Appropriations exceeded estimated resources throughout the year and at year end with the year end violations as follows: in 1999, the General Fund, Street Maintenance and Repair and the Park Fund in the amounts of \$3,061, \$49,551, and \$9,970, respectively, and in 1998 the Street Maintenance and Repair, Park Fund and Depot Fund in the amounts of \$33,000, \$53,289, and \$102,202, respectively.

The Clerk should review the estimated revenue and compare it to the appropriations. If more revenue is received than expected then an amended certificate should be obtained from the County Auditor.

**FINDING NUMBER 1999-31279-003**

**Ohio Revised Code § 135.18** states the Clerk/Treasurer shall require the institution designated as a public depository to pledge to and deposit with him, as security for the repayment of all public moneys to be deposited in the depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys which are insured by the federal deposit insurance corporation.

The Village did not have sufficient collateral to cover depository balances during all of 1998 and ten months of 1999. As of December 31, 1999 and 1998, depository balances exceeded collateral by \$17,974 and \$52,711, respectively.

The Village should request monthly collateral statements from the bank to monitor the Village's fund balance in relation to the collateral pledged.

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

(Continued)

**Noncompliance**

**FINDING NUMBER 1999-31279-004**

**Ohio Revised Code § 5705.41(D)** states, in part, 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 a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - 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 receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without the affirmation of Village Council, if such expenditure is otherwise valid.

Of the sixty transactions tested, twenty-one expenditures (8 in 1999 and 13 in 1998) were not certified by the Clerk prior to the invoice date of the expenditure. In those twenty-one instances, Then and Now Certificates could have been used by the Village.

Certain liabilities, contracts, and open purchase commitments incurred prior to December 31 which were not encumbered were improperly charged against the following year's appropriations. Also, the unencumbered fund balances reported to the County Auditor for budgetary purposes were overstated.

Not properly certifying expenditures could cause the Village to overspend. The Clerk/Treasurer should notify all Village officials and employees of the requirements of Ohio Revised Code § 5705.41(D). In addition, the Village should implement the use of Then and Now certificates and Blanket Certificates as permitted by Ohio Revised Code § 5705.41; however, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.

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

(Continued)

**Reportable Condition**

**FINDING NUMBER 1999-31279-005**

The Village has been involved in several reimbursement type grants. These grants require the Village to initially fund the projects and then request reimbursement from the grantor agency. At various times during the year, as expenditures were due for payment, the Village did not have adequate monies available in unrestricted funds to cover the cost of the project. As a result, the Village utilized monies from various Special Revenue funds, such as the Pool Fund, for the grant expenditures.

Special Revenue funds are established for distinct purposes and the use of the monies within those funds are restricted to the purpose of the fund. Consequently, numerous adjustments have been made to the financial statements and the Village's records so that grant activity is reflected in the proper fund and account(s).

Prior to entering into such types of grants, Village officials should project their cash flow position to ensure that monies are available to finance the projects. This will better enable management to utilize Village funds as they were intended and will improve the accuracy of records and financial statements.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
JULY 25, 2000**