

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council
Village of Dresden
P.O. Box 539
Dresden, Ohio 43821

We have reviewed the *Independent Auditor's Report* of the Village of Dresden, Muskingum County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 02, 2021

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**VILLAGE OF DRESDEN
MUSKINGUM COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Dresden
Muskingum County
P.O. Box 539
Dresden, Ohio 43821

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of Village of Dresden, Muskingum County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Village of Dresden, Muskingum County as of December 31, 2020 and 2019 and the respective changes in financial position or cash flows thereof for the year ended.

Basis for Additional Opinion Qualification

Charges for Service receipts in the Swimming Pool Enterprise Fund are reported at \$230,733 and \$195,762 for the years ended December 31, 2020 and 2019, respectively, which are 30% and 27% of total Enterprise Funds operating receipts for the years ended December 31, 2020 and 2019, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Charges for Services receipts. Consequently, we were unable to determine if any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the Basis of Additional Opinion Qualification paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Enterprise Funds of the Village of Dresden, Muskingum County, as of December 31, 2020 and 2019, and for the years ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2003(D) permit, described in Note 2.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and the related notes of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Custodial Funds as of and for the year ended December 31, 2020 and 2019, of the Village of Dresden, Muskingum County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the 2020 financial statements and Note 12 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 9, 2021, on our consideration of Village of Dresden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 9, 2021

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 128,948	\$ 62,697	\$ 52,365	\$ -	\$ 244,010
Municipal Income Tax	298,807	-	-	-	298,807
Intergovernmental Receipts	50,987	483,065	7,108	-	541,160
Special Assessments	-	103,249	-	-	103,249
Charges for Services	-	458,825	-	-	458,825
Fines, Licenses, and Permits	19,408	-	-	-	19,408
Earnings on Investments	3,274	-	-	-	3,274
Miscellaneous	56,611	60,354	-	-	116,965
Total Cash Receipts	<u>558,035</u>	<u>1,168,190</u>	<u>59,473</u>	<u>-</u>	<u>1,785,698</u>
Cash Disbursements					
Current:					
Security of Persons and Property	296,616	483,156	-	-	779,772
Public Health Services	-	89,478	-	-	89,478
Transportation	-	189,555	-	-	189,555
General Government	126,581	70,663	2,412	-	199,656
Capital Outlay	-	506,294	-	-	506,294
Debt Service:					
Principal	344	15,274	64,153	-	79,771
Interest	168	3,310	2,671	-	6,149
Total Cash Disbursements	<u>423,709</u>	<u>1,357,730</u>	<u>69,236</u>	<u>-</u>	<u>1,850,675</u>
Excess of Receipts Over (Under) Disbursements	134,326	(189,540)	(9,763)	-	(64,977)
Other Financing Receipts/(Disbursements)					
Transfers In	2,520	53,148	-	-	55,668
Transfers Out	(37,274)	(15,729)	-	(10,000)	(63,003)
Sale of Capital Assets	-	7,672	-	-	7,672
Loans Issued	-	43,925	-	-	43,925
Bond Proceeds	-	86,226	-	-	86,226
Advances In	15,188	-	-	-	15,188
Advances Out	(8,000)	(2,822)	-	-	(10,822)
Total Other Financing Receipts/(Disbursements)	<u>(27,566)</u>	<u>172,420</u>	<u>-</u>	<u>(10,000)</u>	<u>134,854</u>
Net Change in Fund Cash Balance	106,760	(17,120)	(9,763)	(10,000)	69,877
Fund Cash Balances, January 1, 2020	<u>82,281</u>	<u>535,651</u>	<u>17,182</u>	<u>30,210</u>	<u>665,324</u>
Fund Cash Balances, December 31, 2020	<u>\$ 189,041</u>	<u>\$ 518,531</u>	<u>\$ 7,419</u>	<u>\$ 20,210</u>	<u>\$ 735,201</u>

See notes to financial statements.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 776,860
Miscellaneous	119,058
	895,918
Total Operating Cash Receipts	895,918
Operating Cash Disbursements:	
Personal Services	222,769
Fringe Benefits	65,078
Contractual Services	321,497
Supplies and Materials	277,430
	886,774
Total Operating Cash Disbursements	886,774
Operating Income/(Loss)	9,144
Non-Operating Cash Receipts (Disbursements):	
Special Assessments	20,712
Loan Proceeds	1,662,808
Miscellaneous	86,792
Capital Outlay	(1,519,693)
Principal Retirement	(67,033)
Interest and Other Charges	(26,857)
	156,729
Total Non-Operating Cash Receipts (Disbursements)	156,729
Income (Loss) before Capital Contribution, Special Item, Extraordinary Item, Transfers and Advances	165,873
Transfers In	7,335
Advances In	8,000
Advances Out	(12,366)
	168,842
Net Change in Fund Cash Balance	168,842
Fund Cash Balances, January 1	948,013
Fund Cash Balances, December 31	\$ 1,116,855

See notes to financial statements.

VILLAGE OF DRESDEN
MUSKINGUM COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS AND
CHANGES IN FUND BALANCES (REGULATORY CASH)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial</u>
	<u>Other Custodial</u>
Additions:	
Fines, Licenses and Permits for Distribution	\$ 9,770
Total Additions	<u>9,770</u>
Deductions:	
Distribution to Other Funds (Primary Government)	<u>4,778</u>
Total Deductions	<u>4,778</u>
Net Change in Fund Cash Balances	<u>4,992</u>
Fund Cash Balances, January 1	<u>2,425</u>
Fund Cash Balances, December 31	<u><u>\$ 7,417</u></u>

See notes to financial statements.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Dresden, Muskingum County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, park operations (leisure time activities), paid fire/ambulance protection, and police services (security of persons and property).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Bedford Place TIF Fund – A TIF was generated as the result of an addition to the Village in 2014. A TIF is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects.

Cemetery Fund – This fund accounts for and reports on the funds collected by sale of lots and burials in the Village owned land.

Fire and Squad Fund – This fund accounts for and reports on the funds collected by fire protection and EMS services contracts, as well as billed payments received for Emergency Medical Services.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds (Continued)

Fire Operations Sinking Fund – This fund accounts for and reports on funds collected by fire and EMS services contracts, which provides the payroll for Firefighters and EMS personnel employed by the Village.

OMVI Fund – This fund accounts for and reports the funds received from the State of Ohio which are specifically assigned to OMVI uses.

Permissive MVL Fund – This fund accounts for and reports funds received from the State of Ohio for purposes pertaining to road repairs.

Police Cruiser Fund – This fund receives funds from the Police Department fund raisers that use donations to aid in the purchase of vehicles for the Police Department.

State Highway Fund – This fund accounts for and reports that portion of the State of Ohio gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of the state highway within the Village. This includes light repairs and painting of pedestrian walking lines.

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

Street Lighting Fund – This fund receives a special assessment levy to pay for Village street lighting.

FEMA Fund - This fund receives money from the federal government for repairs caused by natural disasters.

Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. These funds are also used for payment of special assessments.

Fire Bond Fund – This accounts for debt service payments for purposes of fire truck purchases.

Fire Sinking Fund – This fund accounts for debt service payments for purposes of large equipment purchases.

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Improvement Fund – This fund receives money from the sale of Village equipment and property to be used for capital projects.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 significant 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.

Senior Center Fund – This fund accounts for funds received that apply towards the regular expenses related to the running of a Senior Citizens Center.

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

Swimming Pool Fund – This fund receives money from season pool passes, pool admittances and sale of concessions which are used to operate the public swimming pool.

Sewer Construction Fund – This fund accounts for and reports the portion of revenue received from monthly water and sewer bills.

Trinway Water Project Fund – This fund accounts for and reports the portion of revenue received from monthly water and sewer bills.

Water Sinking Capital Improvement Fund – This fund accounts for and reports the portion of revenue received from monthly water and sewer bills.

Fiduciary Funds

Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayors' Court activity.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

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.

Estimated Resources

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

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 in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

During this period, the Village maintained a general checking account, certificates of deposit, savings account and mayor's court checking account.

The Village has no investments.

VILLAGE OF DRESDEN
MUSKINGUM COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

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

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2020 is as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 514,407	\$ 560,555	\$ 46,148
Special Revenue	1,187,640	1,359,161	171,521
Debt Service	75,208	59,473	(15,735)
Capital Projects	8,000	-	(8,000)
Enterprise	5,883,100	2,673,565	(3,209,535)
Total	\$ 7,668,355	\$ 4,652,754	\$ (3,015,601)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 607,961	\$ 517,437	\$ 90,524
Special Revenue	1,345,975	1,393,463	(47,488)
Debt Service	71,199	69,236	1,963
Capital Projects	30,478	10,000	20,478
Enterprise	5,904,735	2,512,175	3,392,560
Total	\$ 7,960,348	\$ 4,502,311	\$ 3,458,037

Contrary to ORC 5705.41(B), the Village had funds with expenditures exceeding appropriation authority.

Contrary to ORC 5705.41(D), the Village made expenditures prior to certification.

Contrary to ORC 5705.39, the Village had funds where appropriations were greater than estimated resources.

4. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposits and investment accounts are as follows:

	2020
Cash Management Pool:	
Demand Deposits	\$ 1,853,564
Certificates of Deposit	5,909
Total Carrying Amounts of Deposits and Investments held in Pool	\$ 1,859,473

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays 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 by December 31. The second half payment is due the following June 20.

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 a municipal income tax of 1percent 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. The Central Collection Agency administers the income tax for 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. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- * Comprehensive property and general liability
- * Vehicles; and
- * Errors and omissions

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

8. DEFINED BENEFIT PENSION PLAN (Continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2020, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer’s wages. The Village has paid all contributions required through December 31, 2020.

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020, OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

10. DEBT

Debt outstanding at December 31, 2020 was as follows:

	2020	
	<u>Principal</u>	<u>%</u>
OWDA 5281 Trinway Waterline Extension	\$ 202,051	0.00
OWDA 7523 WWTP Improvements	827,121	2.44
OPWC CTA5M Trunk Line Replacement	143,051	0.00
Swim Center Bonds	277,674	3.50
2018 Police Vehicle Bond	21,602	4.25
2019 Truck Acquisition Bond	61,035	4.50
2020 Ambulance Bonds	86,226	2.99
2020 USDA WWTP Bonds	1,061,847	1.38
2020 OPWC Street Paving	43,925	0.00
2020 OPWC WWTP Loan	600,000	0.00
OWDA 9096 Water Storage Tank	961	1.47
Total	<u>\$ 3,325,493</u>	

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. DEBT (Continued)

The OPWC Loan #CTA5M relates to a truck sanitary sewer replacement project in 2009. The total amount disbursed to the Village was \$286,103, and the loan will be repaid with the proceeds of sewer revenues in semiannual installments of \$7,153 over 20 years from the Sewer Construction Fund. The OPWC Loan #CT38W relates to a street paving project. The total disbursed to the Village is \$43,925 and the loan will be repaid over ten years from the Street Fund. The OPWC Loan #CT66S related to the wastewater treatment plant improvements project. The amount disbursed to the Village was \$600,000 and will be repaid over thirty years from the Sewer Fund.

The OWDA Loan #5281 relates to the Trinway waterline extension project in 2010. The total amount disbursed was \$310,849 and the loan will be repaid in semiannual installments of \$5,181, over 27 years from the Trinway Water Project Fund. The OWDA Loan # 7523 relates to improvements to the water treatment plant. This loan has not been fully disbursed as of December 31, 2020 and no amortization schedule is available for its repayment. The Village has drawn \$894,526 as of December 31, 2020. This loan is being repaid from the Water Operating Fund. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The OWDA Loan #9096 relates to a water storage tank replacement project. The Village has drawn \$961 as of December 31, 2020. This loan has not been fully disbursed and no amortization schedule is available for repayment.

During 2020, the Village issued bonds for the wastewater treatment plant improvements project through the United States Department of Agriculture (USDA). The amount of bonds authorized to be issued is \$3,477,000. As of December 31, 2020, \$1,061,847 has been drawn on this project from the USDA. Bonds will begin to be repaid in 2022, once the project is done and an amortization schedule has been finalized, therefore the repayment is not included in the amounts below.

The Village issued Swim Center Bonds in 2014 in the amount of \$375,000 from Century National Bank. The debt will be repaid over 15 years with monthly payments of \$2,185 from the Swimming Pool and Senior Fund. The Village issued a Police Vehicle Bond in 2018 in the amount of \$41,474 from Century National Bank. The debt will be repaid over four years with annual installments of \$11,494, including interest, from the Police Cruiser Fund. The Village issued truck acquisition bonds in 2019 in the amount of \$74,689. The debt will be repaid over five years with annual installments of \$17,015, including interest, from various funds. The Village issued Ambulance Bonds in 2020 in the amount of \$86,226. The debt will be repaid over five years with annual installments of \$18,824 including interest from the Fire and Squad Fund.

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

Year Ending December 31	Truck Bonds	Police Vehicle Bond	Ambulance Bonds	OPWC CT38W
2021	\$ 17,015	\$ 11,494	\$ 18,824	\$ 2,745
2022	17,015	11,494	18,824	5,490
2023	17,015	-	18,824	5,490
2024	17,015	-	18,824	5,490
2025	-	-	18,824	5,490
2026-2030	-	-	-	19,220
Total	<u>\$ 68,060</u>	<u>\$ 22,988</u>	<u>\$ 94,120</u>	<u>\$ 43,925</u>

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. DEBT (Continued)

Year Ending December 31	OPWC CT66S	OWDA #5281	OPWC #CTA5M	Swim Center
2021	\$ 10,000	\$ 10,362	\$ 21,458	\$ 26,217
2022	20,000	10,362	14,305	26,217
2023	20,000	10,362	14,305	26,217
2024	20,000	10,362	14,305	26,217
2025	20,000	10,362	14,305	26,217
2026-2030	100,000	51,810	64,373	131,085
2031-2035	100,000	51,810	-	87,388
2036-2040	100,000	46,621	-	-
2041-2045	100,000	-	-	-
2046-2050	100,000	-	-	-
2051-2055	10,000	-	-	-
Total	<u>\$ 600,000</u>	<u>\$ 202,051</u>	<u>\$ 143,051</u>	<u>\$ 349,558</u>

11. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

12. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ -	\$ -
Outstanding Encum.	56,454	20,004	-	76,458
Total	<u>\$ 56,454</u>	<u>\$ 20,004</u>	<u>\$ -</u>	<u>\$ 76,458</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

13. CHANGE IN ACCOUNTING PRINCIPLE

For 2020, the Village has made changes to their cash basis reporting model. These changes include modification to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types and removing the fund balance classifications from the combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) – all governmental fund types.

There was no effect to beginning cash balances due to this change.

14. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$122,408 as an on-behalf grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 113,464	\$ 33,564	\$ 64,140	\$ -	\$ 211,168
Municipal Income Tax	326,662	-	-	-	326,662
Intergovernmental Receipts	65,265	94,523	8,063	-	167,851
Special Assessments	-	13,871	-	-	13,871
Charges for Services	-	444,194	-	-	444,194
Fines, Licenses, and Permits	5,412	-	-	-	5,412
Earnings on Investments	9,940	158	-	-	10,098
Miscellaneous	56,225	58,957	-	-	115,182
Total Cash Receipts	<u>576,968</u>	<u>645,267</u>	<u>72,203</u>	<u>-</u>	<u>1,294,438</u>
Cash Disbursements					
Current:					
Security of Persons and Property	290,267	416,599	-	-	706,866
Public Health Services	-	42,571	-	-	42,571
Transportation	50	126,251	-	-	126,301
General Government	153,631	1,087	1,677	-	156,395
Capital Outlay	-	76,585	-	4,464	81,049
Debt Service:					
Principal	5,805	9,731	64,818	-	80,354
Interest	203	1,763	4,704	-	6,670
Total Cash Disbursements	<u>449,956</u>	<u>674,587</u>	<u>71,199</u>	<u>4,464</u>	<u>1,200,206</u>
Excess of Receipts Over (Under) Disbursements	127,012	(29,320)	1,004	(4,464)	94,232
Other Financing Receipts/(Disbursements)					
Transfers In	-	25,817	-	-	25,817
Transfers Out	(25,620)	(1,947)	-	-	(27,567)
Sale of Capital Assets	-	20,550	-	-	20,550
Bond Proceeds	-	74,689	-	-	74,689
Other Financing Uses	-	(75)	-	-	(75)
Advances In	23,878	2,823	-	-	26,701
Advances Out	(27,413)	-	-	-	(27,413)
Total Other Financing Receipts/(Disbursements)	<u>(29,155)</u>	<u>121,857</u>	<u>-</u>	<u>-</u>	<u>92,702</u>
Net Change in Fund Cash Balance	97,857	92,537	1,004	(4,464)	186,934
Fund Cash Balances, January 1, 2019, restated	<u>(15,576)</u>	<u>443,114</u>	<u>16,178</u>	<u>34,674</u>	<u>478,390</u>
Fund Cash Balances, December 31, 2019					
Restricted	-	535,651	17,182	30,210	583,043
Assigned	3,061	-	-	-	3,061
Unassigned (Deficit)	79,220	-	-	-	79,220
Fund Cash Balances, December 31, 2019	<u>\$ 82,281</u>	<u>\$ 535,651</u>	<u>\$ 17,182</u>	<u>\$ 30,210</u>	<u>\$ 665,324</u>

See notes to financial statements.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 713,335	\$ -	\$ 713,335
Fines, Licenses and Permits	-	22,168	22,168
Miscellaneous	23,717	-	23,717
	<u>737,052</u>	<u>22,168</u>	<u>759,220</u>
Total Operating Cash Receipts	<u>737,052</u>	<u>22,168</u>	<u>759,220</u>
Operating Cash Disbursements:			
Personal Services	216,110	-	216,110
Fringe Benefits	62,868	-	62,868
Contractual Services	165,043	-	165,043
Supplies and Materials	280,422	-	280,422
Other	-	20,677	20,677
	<u>724,443</u>	<u>20,677</u>	<u>745,120</u>
Total Operating Cash Disbursements	<u>724,443</u>	<u>20,677</u>	<u>745,120</u>
Operating Income/(Loss)	<u>12,609</u>	<u>1,491</u>	<u>14,100</u>
Non-Operating Cash Receipts (Disbursements):			
Special Assessments	20,735	-	20,735
Miscellaneous	130,105	-	130,105
Capital Outlay	(383)	-	(383)
Principal Retirement	(54,580)	-	(54,580)
Interest and Other Charges	(33,084)	-	(33,084)
	<u>62,793</u>	<u>-</u>	<u>62,793</u>
Total Non-Operating Cash Receipts (Disbursements)	<u>62,793</u>	<u>-</u>	<u>62,793</u>
Income (Loss) before Capital Contribution, Special Item, Extraordinary Item, Transfers and Advances	75,402	1,491	76,893
Transfers In	1,350	400	1,750
Advances In	24,590	-	24,590
Advances Out	<u>(23,878)</u>	<u>-</u>	<u>(23,878)</u>
Net Change in Fund Cash Balance	77,464	1,891	79,355
Fund Cash Balances, January 1, restated	<u>870,549</u>	<u>534</u>	<u>871,083</u>
Fund Cash Balances, December 31	<u>\$ 948,013</u>	<u>\$ 2,425</u>	<u>\$ 950,438</u>

See notes to financial statements.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Dresden, Muskingum County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, park operations (leisure time activities), paid fire/ambulance protection, and police services (security of persons and property).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Bedford Place TIF Fund – A TIF was generated as the result of an addition to the Village in 2014. A TIF is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects.

Cemetery Fund – This fund accounts for and reports on the funds collected by sale of lots and burials in the Village owned land.

Fire and Squad Fund – This fund accounts for and reports on the funds collected by fire protection and EMS services contracts, as well as billed payments received for Emergency Medical Services.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds (Continued)

Fire Operations Sinking Fund – This fund accounts for and reports on funds collected by fire and EMS services contracts, which provides the payroll for Firefighters and EMS personnel employed by the Village.

OMVI Fund – This fund accounts for and reports the funds received from the State of Ohio which are specifically assigned to OMVI uses.

Permissive MVL Fund – This fund accounts for and reports funds received from the State of Ohio for purposes pertaining to road repairs.

Police Cruiser Fund – This fund receives funds from the Police Department fund raisers that use donations to aid in the purchase of vehicles for the Police Department.

State Highway Fund – This fund accounts for and reports that portion of the State of Ohio gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of the state highway within the Village. This includes light repairs and painting of pedestrian walking lines.

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

Street Lighting Fund – This fund receives a special assessment levy to pay for Village street lighting.

FEMA Fund - This fund receives money from the federal government for repairs caused by natural disasters.

Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. These funds are also used for payment of special assessments.

Fire Bond Fund – This accounts for debt service payments for purposes of fire truck purchases.

Fire Sinking Fund – This fund accounts for debt service payments for purposes of large equipment purchases.

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Improvement Fund – This fund receives money from the sale of Village equipment and property to be used for capital projects.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 significant 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.

Senior Center Fund – This fund accounts for funds received that apply towards the regular expenses related to the running of a Senior Citizens Center.

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

Swimming Pool Fund – This fund receives money from season pool passes, pool admittances and sale of concessions which are used to operate the public swimming pool.

Sewer Construction Fund – This fund accounts for and reports the portion of revenue received from monthly water and sewer bills.

Trinway Water Project Fund – This fund accounts for and reports the portion of revenue received from monthly water and sewer bills.

Water Sinking Capital Improvement Fund – This fund accounts for and reports the portion of revenue received from monthly water and sewer bills.

Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

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.

Estimated Resources

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

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 in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

During this period, the Village maintained a general checking account, certificates of deposit, savings account and mayor's court checking account.

The Village has no investments.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

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

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 609,442	\$ 576,968	\$ (32,474)
Special Revenue	529,678	766,323	236,645
Debt Service	137,557	72,203	(65,354)
Capital Projects	159,274	-	(159,274)
Enterprise	965,003	889,242	(75,761)
Total	\$ 2,400,954	\$ 2,304,736	\$ (96,218)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 493,145	\$ 478,637	\$ 14,508
Special Revenue	805,056	679,007	126,049
Debt Service	114,670	71,199	43,471
Capital Projects	4,464	4,464	-
Enterprise	833,627	820,913	12,714
Total	\$ 2,250,962	\$ 2,054,220	\$ 196,742

Contrary to ORC 5705.41(B), the Village had funds with expenditures exceeding appropriation authority.

Contrary to ORC 5705.41(D), the Village made expenditures prior to certification.

Contrary to ORC 5705.39, the Village had funds where appropriations were greater than estimated resources.

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2019
Demand Deposits	\$ 1,609,892
Certificates of Deposits	5,870
Total Deposits	\$ 1,615,762

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays 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 by December 31. The second half payment is due the following June 20.

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 a municipal income tax of 1percent 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. The Central Collection Agency administers the income tax for 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. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- * Comprehensive property and general liability
- * Vehicles; and
- * Errors and omissions

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

8. DEFINED BENEFIT PENSION PLAN (Continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2019, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2019.

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019, OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

10. DEBT

Debt outstanding at December 31, 2019 was as follows:

	2019 Principal	%
OWDA 5281 Trinway Waterline Extension	\$ 212,413	0.00
OWDA 7523 WWTP Improvements	849,235	2.44
Fire Truck Bonds	67,370	2.97
OPWC CTA5M Trunk Line Replacement	150,204	0.00
Swim Center Bonds	293,684	3.50
2018 Police Vehicle Bond	31,743	4.25
2019 Truck Acquisition Bond	74,689	4.50
Total	\$ 1,679,338	

The OPWC Loan #CTA5M relates to a truck sanitary sewer replacement project in 2009. The total amount disbursed to the Village was \$286,103, and the loan will be repaid with the proceeds of sewer revenues in semiannual installments of \$7,153 over 20 years from the Sewer Construction Fund.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT (Continued)

The OWDA Loan #5281 relates to the Trinway waterline extension project in 2010. The total amount disbursed was \$310,849 and the loan will be repaid in semiannual installments of \$5,181, over 27 years from the Trinway Water Project Fund. The OWDA Loan # 7523 relates to improvements to the water treatment plant. This loan has not been fully disbursed as of December 31, 2019 and no amortization schedule is available for its repayment. The Village has drawn \$894,526 as of December 31, 2019. This loan is being repaid from the Water Operating Fund. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

During 2011, the Village issued bonds for the purchase of a new fire truck and related equipment. The \$546,419 bond issue is held by Century National Bank. The debt is backed by the full faith and credit of the Village, and revenues from fire, emergency medical services and income taxes are used to retire the debt. The Village makes required principal and interest payments on an annual basis from the Fire Bond Fund.

The Village issued Swim Center Bonds in 2014 in the amount of \$375,000 from Century National Bank. The debt will be repaid over 15 years with monthly payments of \$2,185 from the Swimming Pool and Senior Fund. The Village issued a Police Vehicle Bond in 2018 in the amount of \$41,474 from Century National Bank. The debt will be repaid over four years with annual installments of \$11,494, including interest, from the Police Cruiser Fund. The Village issued truck acquisition bonds in 2019 in the amount of \$74,689. The debt will be repaid over five years with annual installments of \$17,015, including interest, from various funds.

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

Year Ending December 31	Truck Bonds	Police Vehicle Bond
2020	\$ 17,015	\$ 11,494
2021	17,015	11,494
2022	17,015	11,494
2023	17,015	-
2024	17,015	-
Total	<u>\$ 85,075</u>	<u>\$ 34,482</u>

Year Ending December 31	Fire Truck Bonds	OWDA #5281	OPWC #CTA5M	Swim Center
2020	\$ 69,522	\$ 10,362	\$ 7,153	\$ 26,217
2021	-	10,362	21,458	26,217
2022	-	10,362	14,305	26,217
2023	-	10,362	14,305	26,217
2024	-	10,362	14,305	26,217
2025-2029	-	51,810	71,525	131,085
2030-2034	-	51,810	7,153	113,605
2035-2039	-	51,810	-	-
2040-2044	-	5,173	-	-
Total	<u>\$ 69,522</u>	<u>\$ 212,413</u>	<u>\$ 150,204</u>	<u>\$ 375,775</u>

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

11. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

12. SUBSEQUENT EVENTS

The United State and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

13. RESTATEMENT OF FUND BALANCE

Fund balance in the General Fund has been restated for the year beginning January 1, 2019 for voided checks being added back and reclassification of funds prepared by LGS:

	General	Special Revenue
Fund Balance at December 31, 2018	\$ (15,718)	\$ 202,461
Adjustments	142	240,653
Fund Balance at January 1, 2019	\$ (15,576)	\$ 443,114

	Debt Service	Enterprise
Fund Balance at December 31, 2018	\$ 256,410	\$ 870,449
Adjustments	(240,232)	100
Fund Balance at January 1, 2019	\$ 16,178	\$ 870,449

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Village of Dresden
Muskingum County
P.O. Box 539
Dresden, Ohio 43821

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019 and related notes of Village of Dresden, Muskingum County and have issued our report thereon dated July 9, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of Dresden's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weakness or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. We consider finding 2020-001, 2020-002, 2020-004, 2020-005 and 2020-006 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether Village of Dresden's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed four instances of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2020-001, 2020-002, 2020-003 and 2020-007.

Entity's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 9, 2021

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Noncompliance and Material Weakness

Ohio Revised Code Section 5705.10(A) states all revenues derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

Ohio Revised Code Section 5705.10(B) states all revenue derived from general or special levies for debt charges, whether within or in excess of the ten-mill limitation, which is levied for the debt charges on serial bonds, notes, or certificates of indebtedness having a life less than five years, shall be paid into the bond retirement fund; and all such revenue which is levied for the debt charge on all other bonds, notes or certificates of indebtedness shall be paid into the sinking fund.

Ohio Revised Code Section 5705.10(D) states all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purposes.

The following transactions were improperly classified and posted to the incorrect funds in fiscal year 2020:

- Homestead and Rollback Funds in the amount of \$3,434 was posted to the General Fund when it should have posted to the Fire Bond Fund.

The following transactions were improperly classified and posted to the incorrect funds in fiscal year 2019:

- Homestead and Rollback Funds in the amount of \$3,985 was posted to the General Fund when it should have posted to the Fire Bond Fund.

These adjustments, to which management has agreed, are reflected in the accompanying financial statements.

Client Response: We have posted the entry and will correct on future receipts.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-002

Noncompliance and Material Weakness

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village Officer's Handbook provides suggested accounts classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

Furthermore, Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows: GASB Cod. 1800.168-169 requires reporting funds whose revenue has external legal constraints as Restricted.

GASB Cod. 1800.170-172 requires reporting funds whose revenue had constraints imposed by the Board, which could not be changed without Board approval, as Committed. GASB Cod. 1800.173-176 requires funds without external or internal constraints to report Assigned fund balances for amounts encumbered or set aside to cover the excess of subsequent year appropriations exceeding estimated revenue. GASB Cod. 1800.177 designates Unassigned fund balance as the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Auditor of State Bulletin 2011-004 requires local governments which prepare cash basis financial statements to implement these fund balance classifications and governmental fund type definitions.

Various adjustments, in addition to those discussed in Findings No. 2020-001 and 2018-002 were made to the Village's financial statements for 2018 and 2017, including adjustments necessary to report fund balance in accordance with GASB Statement No. 54.

For fiscal year ending December 31, 2020, the following adjustments were noted:

- A reclassification in the amount of \$33,217 and \$333 was made from Property and Other Local Taxes to Special Assessments in the Street Lighting Fund and Bedford Place TIF Fund, respectively for assessments collected.
- A reclassification in the amount of \$14,310 was made from Property and Other Local Taxes to Intergovernmental Revenue in the General Fund for Rollbacks.
- A reclassification in the amount of \$70,452 was made from Miscellaneous Revenue to Intergovernmental Revenue in the Fire and Squad Fund for a grant.
- A reclassification in the amount of \$86,226 was made from Miscellaneous Revenue to Bond Proceeds in the Fire and Squad Fund for the ambulance bonds.
- A reclassification in the amount of \$89,168 was made from Loan Proceeds to Intergovernmental Revenue in the Street Fund for a grant.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-002 (Continued)

- A reclassification in the amount of \$4,000 was made from Miscellaneous Revenue to Sale of Capital Assets in the Fire and Squad Fund for sale of equipment.
- A reclassification in the amount of \$3,672 was made from Miscellaneous Revenue to Sale of Capital Assets in the Street Fund for sale of equipment.
- A reclassification in the amount of \$3,674 was made from Property and Other Local Taxes to Intergovernmental Revenue in the Fire Bond Fund for Rollbacks.
- A reclassification in the amount of \$27,805 was made from Debt Proceeds to Miscellaneous Revenue in the Enterprise Funds to properly show debt activity.
- A reclassification in the amount of \$15,241 was made from Principal Retirement to Interest and Fiscal Charges in the Enterprise Funds to properly show debt payments.
- A reclassification in the amount of \$4,365 was made from Debt Proceeds to Miscellaneous Revenue in the Enterprise Funds to properly show debt activity.
- A reclassification in the amount of \$103,127 was made from Debt Proceeds to Intergovernmental Revenue in the Street Fund to properly show debt payments.
- An adjustment was made to increase Property and Other Local Taxes and General Government by \$7,296 and \$2,412 in the General Fund and Fire Bond Fund, respectively to show RE Tax at gross.
- An adjustment of \$69,685 was made to increase Special Assessment Revenue and General Government in the Bedford Place Fund for assessment collected by the County Auditor.
- An adjustment of \$960 was made to increase Loan Proceeds and Capital Outlay in the Enterprise Funds to properly show debt activity.
- An adjustment was made in the amount of \$44,925 was made to Capital Outlay and Debt Proceeds in the Street Fund for the OPWC paving loan.

For fiscal year ending December 31, 2019, the following adjustments were noted:

- A reclassification in the amount of \$4,620 was made from Miscellaneous Revenue to Intergovernmental Revenue in the General Fund for a grant.
- A reclassification in the amount of \$16,042 was made from Property and Local Taxes to Intergovernmental Revenue in the General Fund for Rollbacks.
- A reclassification was made in the amount of \$696 from General Government to Principal Retirement in the General Fund to properly show debt paid.
- A reclassification was made in the amount of \$10,000 from Miscellaneous Revenue to Intergovernmental Revenue in the Fire and Squad Fund for a grant.
- A reclassification was made in the amount of \$7,600 from Miscellaneous Revenue to Sale of Capital Assets in the Fire and Squad Fund for the sale of equipment.
- A reclassification was made in the amount of \$22,450 from Principal Retirement to Interest and Fiscal Charges in the Enterprise Fund to properly show debt payments.
- A reclassification was made in the amount of \$6,583 from Debt Proceeds to Miscellaneous Revenue in the Enterprise Funds to properly show debt activity.
- A reclassification was made in the amount of \$3,026 from Transfer-In to Miscellaneous Revenue in the General Fund to properly show transfers.
- A reclassification was made in the amount of \$3,026 from Transfers-Out to Other Disbursements in the Mayors' Court Fund to properly show transfers.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-002 (Continued)

- A reclassification was made in the amount of \$3,061 from Unassigned Fund Balance to Assigned Fund Balance in the General Fund for outstanding encumbrances at year end.
- An adjustment was made in the amount of \$74,689 to increase Bond Proceeds and Capital Outlay to record the 2019 Truck Acquisition Bonds in the Street Fund.
- A fund adjustment was made in the amount of \$3,985 to reduce General Fund Balance and increase Debt Service Fund balance for the proper allocation of Rollback monies received.
- An adjustment was made in the Mayors' Court Fund to show all activity for 2019.
- A reclassification in the amount of \$3,049 and \$10,822 was made from Property and Other Local Taxes to Special Assessments in the Street Lighting Fund and Bedford Place TIF Fund, respectively for assessments collected.

These adjustments, to which management has agreed, are reflected in the accompanying financial statements. Failure to properly classify receipts and disbursements as to the appropriate classification could result in the financial statements being misleading.

The Village Fiscal Officer should refer to the Ohio Village Handbook for proper classification and take additional care in posting transactions to the Village's accounting records and annual financial report in order to ensure the Village's year-end financial statements reflect the appropriate sources and uses of the Village's receipts and disbursements.

Client Response: We will take this and apply to current and future transactions.

FINDING NUMBER 2020-003

Noncompliance

Ohio Revised Code Section 5705.41(B) prohibits the expenditure of funds unless they have been properly appropriated.

Expenditures plus outstanding encumbrances exceeded Council approved appropriations for years ended December 31, 2020 and December 31, 2019 as follows:

Fund	Year	Appropriation Authority	Expenditures	Variance
Coronavirus Relief	2020	-	61,793	(61,793)
Swimming Pool	2020	221,295	230,485	(9,190)
Sewer Construction	2020	-	20,460	(20,460)

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-003 (Continued)

		Appropriation		
Fund	Year	Authority	Expenditures	Variance
Storm Sewer	2020	\$ 20,683	\$ 21,206	\$ (523)
Water Cap Imp 5721	2020	45,856	64,828	(18,972)
Fire Operations	2019	-	2,157	(2,157)
Water Operating	2019	195,142	233,852	(38,710)
Storm Sewer	2019	37,810	39,105	(1,295)
Trinway Water	2019	-	10,362	(10,362)

As noted in Finding 2020-006, appropriations posted to the Village’s accounting system did not agree to appropriations adopted by Village Council. In addition, as discussed in Findings 2020-001 and 2020-002, various adjustments were noted during the audit as a result of incorrect postings. These deficiencies contributed to the above loss of budgetary control. Failure to limit expenditures to Council approved appropriations could result in deficit spending with the Village’s funds.

The Fiscal Officer should deny payment requests exceeding appropriations. The Fiscal Officer and Village Council should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Village Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations.

Client Response: We will review budget data and make any entry needed to be in compliance.

FINDING NUMBER 2020-004

Material Weakness

The Village should design and operate a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for its public offices in certain categories. Furthermore, the Village should maintain an accounting system and accounting records sufficient to ensure the accountability over entity assets. In addition, the Village should have internal controls sufficient to assure that recorded transactions have occurred and are not fictitious.

The Village was unable to provide sufficient appropriate audit evidence supporting amounts recorded for Charges for Services for the Village’s Swimming Pool Enterprise Fund. The Village had not implemented a method for periodic tracking of inventory of items sold in the concession stand. In addition, regarding daily admissions to the pool, there did not appear to be adequate source documentation with numerical control and there did not appear to be any segregation of duties between the collection of monies and actual admission to the pool.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-004 (Continued)

As a result, completeness over swimming pool receipts reported could not be reasonable assured.

The Village should implement a process to monitor the concession stand sales of the Village's Swimming Pool and admissions collected. This could include implementing a system to track inventory of concession items on a periodic basis. In addition, the Village could establish segregation between the collection of admissions and admittance into the swimming pool.

Client Response: We have two options to fix this, 1) install a turn style attendance counter or hire a second person to take pre-numbered tickets. Both options are expensive and we feel the risk is minimal. Therefore it does not make financial sense to pursue either. We will continue to reconcile attendance reports from Square to cash received.

FINDING NUMBER 2020-005

Material Weakness

A well-designed system of internal control will include monitoring of financial reports and information by the governing board in order to compensate for any lack of segregation of duties. The small size of the Village's staff did not allow for an adequate segregation of duties. The Fiscal Officer performed roles in all accounting functions, including receipting, depositing, disbursing, and reconciling. For utilities, the Utility Clerk was responsible for all functions, including billing, receipting, depositing, reconciling, and approval of adjustments. It is therefore important for the Village Council and Board of Public Affairs to monitor financial activity closely and to follow up on any audit findings.

The results of our audit indicated a weakness in management's role to establish and maintain effective internal controls and to ensure and document the Village is complying with legal requirements as evidenced by the material noncompliance citations and material weaknesses included in our report. The small size of the Village's staff did not allow for an adequate segregation of duties as the Fiscal Officer performed roles in all accounting functions, including receipting, depositing, disbursing, and reconciling Village monies. In addition, the Utility Clerk was responsible for all utility accounting functions, including billing, receipting, depositing, reconciling and approval of adjustments.

Failure to adequately monitor the activities of the Village by Village Council and the Board of Public Affairs could result in errors or irregularities to occur and remain undetected.

The Village Council and Board of Public Affairs should become more active in reviewing all financial information, ensuring the Village develop and maintain internal controls so that financial information is recorded correctly, compliance with regulations is complete and development a segregation of duties list so that there are various checks and balances within the Village. Review of financial information should also include initials of those who review the records.

Client Response: Beginning January 2020 with the new fiscal officer, Council members began becoming more involved in financial review not only at Council meeting but Committee meetings as well.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-006

Material Weakness

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

Budgeted receipts and appropriations recorded in the Village's accounting system did not agree to the Amended Official Certification of Estimated Resources certified by the Budget Commission and appropriation resolutions/amendments adopted by Village Council for the years ending December 31, 2020 and 2019. The Fiscal Officer presented financial reports to the Village Council for review and approval; however, budget versus actual information within these financial reports would be inaccurate in comparison to formally approved budgetary information. Without monitoring actual receipts and expenditures in relation to approved budget figures, the Council's ability to make informed financial decisions is reduced.

Because the information entered into the accounting system was not accurate, adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Village Council and to include budgeted receipts as certified by the County Budget Commission.

The Village Council should approve all appropriations amendments, record approval in the minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should post these amendments only after obtaining required approvals. We also recommend the Village Fiscal Officer record estimated receipts from the Certificate of Estimated Resources and any amendments thereto to the accounting system. We further recommend that budget versus actual reports be presented to the Village Council for approval as part of the monthly financial reports. A periodic reconciliation should be performed between authorized budgetary documents and budgeted information posted to the accounting system to ensure the accuracy of the budgetary data.

Client Response: We will continue to improve and follow this process.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-007

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

Fund	Year	Estimated Resources	Appropriations	Variance
General	2020	\$ 604,800	\$ 604,900	\$ (100)
Street	2019	66,639	104,033	(37,394)
Permissive MVL	2019	32,150	78,301	(46,151)
Fire and Squad	2019	302,494	443,861	(141,367)
Village Property	2019	-	4,464	(4,464)
Sewer	2019	202,078	220,527	(18,449)
Swimming Pool	2019	197,331	212,179	(14,848)

We recommend Council review estimated resources versus appropriations throughout the year. Also, Council should not approve appropriations greater than estimated resources. This could result in the Village spending more money than it receives and could cause possible negative fund balances.

Client Response: We will review budget data and make any entry needed to be in compliance.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2020**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Noncompliance and Material Weakness Items not posted to proper funds	No	Not Corrected Stated in report as Finding 2020-001
2018-002	Noncompliance and Material Weakness Transfers and Advances	Yes	Finding No Longer Valid
2018-003	Noncompliance and Material Weakness Fund Balances, Reclassifications	No	Not Corrected Stated in report as Finding 2020-002
2018-004	ORC 5705.41(B) Expenditures exceed appropriations	No	Not Corrected Stated in report as Finding 2020-003
2018-005	Material Weakness Swimming Pool completeness	No	Not Corrected Stated in report as Finding 2020-004
2018-006	Material Weakness Segregation of Duties	No	Not Corrected Stated in report as Finding 2020-005
2018-007	Material Weakness Budgetary Receipts and Appropriations not posted correctly to UAN	No	Not Corrected Stated in report as Finding 2020-006
2018-008	ORC 5705.39 Appropriations exceed estimated resources	No	Not Corrected Stated in report as Finding 2020-007

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF DRESDEN

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/14/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov