

VILLAGE OF DALTON

WAYNE COUNTY

Regular Audit

For the Years Ended December 31, 2023 and 2022





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Columbus, Ohio 43215
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Village Council
Village of Dalton
P.O. Box 493
Dalton, Ohio 44618

We have reviewed the *Independent Auditor's Report* of the Village of Dalton, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. 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 Dalton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 02, 2025

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Village of Dalton
Wayne County
For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Village of Dalton
Wayne County
1 West Main Street
Dalton, Ohio 44618

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Dalton, Wayne County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2023 and 2022, or the changes in financial position or its cash flows, thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

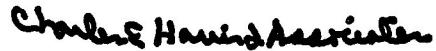
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2024 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Charles E. Harris & Associates, Inc.

October 12, 2024

Village of Dalton
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances - Regulatory Cash Basis
All Governmental Fund Types
For the Year Ended December 31, 2023

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts					
Property and Other Local Taxes	\$ 163,670	\$ 11,735	\$ -	\$ -	\$ 175,405
Municipal Income Tax	684,097	-	-	-	684,097
Intergovernmental	67,116	125,277	-	-	192,393
Charges for Services	113,115	16,700	-	-	129,815
Fines, Licenses and Permits	20,659	-	-	-	20,659
Earnings on Investments	89,547	11,153	-	-	100,700
Miscellaneous	68,643	32,921	-	-	101,564
<i>Total Cash Receipts</i>	<i>1,206,847</i>	<i>197,786</i>	<i>-</i>	<i>-</i>	<i>1,404,633</i>
Cash Disbursements					
Current:					
Security of Persons & Property	621,787	-	-	-	621,787
Public Health Services	9,327	15,454	-	-	24,781
Leisure Time Activities	5,335	-	-	-	5,335
Basic Utility Services	1,954	-	-	-	1,954
Transportation	86,166	105,431	-	-	191,597
General Government	308,486	-	-	-	308,486
Capital Outlay	-	-	111,048	-	111,048
<i>Total Cash Disbursements</i>	<i>1,033,055</i>	<i>120,885</i>	<i>111,048</i>	<i>-</i>	<i>1,264,988</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>173,792</i>	<i>76,901</i>	<i>(111,048)</i>	<i>-</i>	<i>139,645</i>
Other Financing Receipts (Disbursements)					
Transfers-In	-	-	120,535	-	120,535
Transfers-Out	(120,535)	-	-	-	(120,535)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(120,535)</i>	<i>-</i>	<i>120,535</i>	<i>-</i>	<i>-</i>
<i>Net Change in Fund Cash Balances</i>	<i>53,257</i>	<i>76,901</i>	<i>9,487</i>	<i>-</i>	<i>139,645</i>
<i>Fund Cash Balances, January 1</i>	<i>369,794</i>	<i>410,887</i>	<i>245,066</i>	<i>56,666</i>	<i>1,082,413</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 423,051</i>	<i>\$ 487,788</i>	<i>\$ 254,553</i>	<i>\$ 56,666</i>	<i>\$ 1,222,058</i>

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

Village of Dalton
Wayne County
Statement of Receipts, Disbursements
and Changes in Fund Balances - Regulatory Cash Basis
Proprietary Fund Type
For the Year Ended December 31, 2023

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 1,031,975
Miscellaneous	<u>4,627</u>
<i>Total Operating Cash Receipts</i>	<i>1,036,602</i>
Operating Cash Disbursements	
Personal Services	83,300
Fringe Benefits	31,787
Contractual Services	263,288
Supplies and Materials	145,863
Other	<u>36,859</u>
<i>Total Operating Cash Disbursements</i>	<i><u>561,097</u></i>
<i>Operating Income (Loss)</i>	<i>475,505</i>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(297,358)
Intergovernmental	5,361
Loans Issued	290,915
Principal Retirement	(198,714)
Interest and Other Fiscal Charges	<u>(3,645)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i><u>(203,441)</u></i>
<i>Income (Loss) before Transfers</i>	<i>272,064</i>
Transfers In	147,123
Transfers Out	<u>(147,123)</u>
<i>Net Change in Fund Cash Balance</i>	<i>272,064</i>
<i>Fund Cash Balances, January 1</i>	<i><u>784,752</u></i>
<i>Fund Cash Balances, December 31</i>	<i><u>\$ 1,056,816</u></i>

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

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Dalton, Wayne County (the Village), as a body corporate and politic. A publicly-elected six member Council governs the Village. The Village provides general governmental services, including maintenance of roads, park operations, police services and water and sewer utilities.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 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 balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (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:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Capital Project 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 The fund is used for purchasing capital equipment for the Board of Public Affairs, Street Department, and general government.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sanitary Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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 Section 117-2-03 (C). 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 Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund 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. 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2023 budgetary activity appears in Note 3.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Deposits and Investments

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

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

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

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and 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 classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

<u>2023 Budgeted vs. Actual Receipts</u>			
Fund Type	Budgeted		
	Receipts	Actual Receipts	Variance
General	\$ 1,090,950	\$ 1,206,847	\$ 115,897
Special Revenue	142,100	197,786	55,686
Capital Projects	62,000	120,535	58,535
Permanent	-	-	-
Enterprise	1,406,436	1,480,001	73,565

<u>2023 Budgeted vs. Actual Budgetary Basis Disbursements</u>			
Fund Type	Appropriation		
	Authority	Budgetary	Disbursements
General	\$ 1,435,917	\$ 1,177,061	\$ 258,856
Special Revenue	553,286	121,864	431,422
Capital Projects	307,066	121,098	185,968
Permanent	56,666	-	-
Enterprise	1,900,651	1,212,079	688,572

Note 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 deposit account is as follows:

<u>2023</u>	
Demand deposits	\$ 2,278,874

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village has remitted all employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of one percent (1%) on substantially all earned income arising from employment, residency, or business activities within the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's tax collection agent, the Central Collection Agency (CCA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management (continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2023
Cash and investments	\$ 43,996,442
Actuarial liabilities	19,743,401

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time police officers belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

Village's certified full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA #4512	\$ 441,369	0%
OWDA #5838	74,158	4.72%
OWDA #10083	290,915	4.18%
OPWC #CP10S	33,224	0%
OPWC #CP33U	399,380	0%
OPWC #CP40U	<u>171,000</u>	0%
	<u><u>\$ 1,410,046</u></u>	

The Ohio Water Development Authority (OWDA) loan #4512 is a no interest loan that was obtained for the planning, design and construction of waste water facilities and water pollution control. The loan will be paid in semi-annual installments over 20 years. The Village is required to adjust rates and charges for the services and facilities of its sanitary sewer in the amounts sufficient to pay these bonds. Water and sewer receipts collateralize these loans. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The OWDA loan #5838 relates to the sewer replacement project. It is a 15-year loan at 4.72% interest, payable in semi-installments until 2027. Water and sewer receipts also collateralize this loan.

The OWDA loan #10083 relates to the Wastewater Treatment Plant Improvements. It is a 5-year loan at 4.18% interest, payable in semi-installments until 2029. Water and sewer receipts also collateralize this loan.

The 2016 OPWC (Ohio Public Works Commission) CP10S loan is a no interest loan that was obtained to replace the East Schultz Street Sanitary Sewer. The loan will be paid in semi-annual installments over 15 years.

The 2017 OPWC (Ohio Public Works Commission) CP33U loan is a no interest loan that was obtained to improve the Sanitary Sewer trunk line. The loan will be paid in semi-annual installments over 30 years.

The 2019 OPWC (Ohio Public Works Commission) CP40U loan is a no interest loan that was obtained to provide for a booster station and water tank painting. The loan will be paid in semi-annual installments over 23 years.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (continued)

Amortization

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

Year ending December 31:	OWDA Loans	OPWC Loans
2024	\$ 243,774	\$ 29,091
2025	241,514	29,092
2026	239,082	29,092
2027	63,047	29,092
2028	60,615	29,092
2029-2033	-	143,245
2034-2038	-	123,310
2039-2043	-	123,310
2044-2048	-	68,280
	<u>\$ 848,033</u>	<u>\$ 603,604</u>

Note 10 – Contingent Liabilities

The Village is a defendant in two lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the unexpended 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 facilitate effective cash planning and control. At year end, the balances of these amount were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable					
Corpus	\$ -	\$ -	\$ -	\$ 56,358	\$ 56,358
Outstanding Encumbrances	23,471	979	10,050	-	34,500

The fund balance of special revenue funds is either restricted or committed. The fund balance of 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, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Dalton
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances - Regulatory Cash Basis
All Governmental Fund Types
For the Year Ended December 31, 2022

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts					
Property and Other Local Taxes	\$ 176,184	\$ 13,638	\$ -	\$ -	\$ 189,822
Municipal Income Tax	727,327	-	-	-	727,327
Intergovernmental	50,251	220,176	-	-	270,427
Charges for Services	110,801	14,625	-	-	125,426
Fines, Licenses and Permits	22,324	-	-	-	22,324
Earnings on Investments	23,858	2,700	-	-	26,558
Miscellaneous	14,279	13,450	-	-	27,729
<i>Total Cash Receipts</i>	<i>1,125,024</i>	<i>264,589</i>			1,389,613
Cash Disbursements					
Current:					
Security of Persons & Property	574,731	-	-	-	574,731
Public Health Services	9,183	15,883	-	-	25,066
Leisure Time Activities	7,839	-	-	-	7,839
Basic Utility Services	1,873	-	-	-	1,873
Transportation	90,647	108,041	-	-	198,688
General Government	245,382	-	-	-	245,382
Capital Outlay	-	-	138,969	-	138,969
<i>Total Cash Disbursements</i>	<i>929,655</i>	<i>123,924</i>	<i>138,969</i>		1,192,548
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>195,369</i>	<i>140,665</i>	<i>(138,969)</i>		197,065
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	8,000	-	-	-	8,000
Transfers-In	-	-	87,545	-	87,545
Transfers-Out	(87,545)	-	-	-	(87,545)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(79,545)</i>	<i>-</i>	<i>87,545</i>		8,000
<i>Net Change in Fund Cash Balances</i>	<i>115,824</i>	<i>140,665</i>	<i>(51,424)</i>		205,065
<i>Fund Cash Balances, January 1</i>	<i>253,970</i>	<i>270,222</i>	<i>296,490</i>	<i>56,666</i>	877,348
<i>Fund Cash Balances, December 31</i>	<i>\$ 369,794</i>	<i>\$ 410,887</i>	<i>\$ 245,066</i>	<i>\$ 56,666</i>	\$ 1,082,413

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

Village of Dalton
Wayne County
Statement of Receipts, Disbursements
and Changes in Fund Balances - Regulatory Cash Basis
Proprietary Fund Type
For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 917,707
Miscellaneous	<u>4,804</u>
<i>Total Operating Cash Receipts</i>	922,511
Operating Cash Disbursements	
Personal Services	95,725
Fringe Benefits	46,066
Contractual Services	287,525
Supplies and Materials	148,591
Other	<u>26,736</u>
<i>Total Operating Cash Disbursements</i>	<u>604,643</u>
<i>Operating Income (Loss)</i>	317,868
Non-Operating Receipts (Disbursements)	
Capital Outlay	(29,401)
Principal Retirement	(203,454)
Interest and Other Fiscal Charges	<u>(4,514)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(237,369)</u>
<i>Income (Loss) before Transfers</i>	80,499
Transfers In	147,123
Transfers Out	<u>(147,123)</u>
<i>Net Change in Fund Cash Balance</i>	80,499
<i>Fund Cash Balances, January 1</i>	704,253
<i>Fund Cash Balances, December 31</i>	<u>\$ 784,752</u>

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

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Dalton, Wayne County (the Village), as a body corporate and politic. A publicly-elected six member Council governs the Village. The Village provides general governmental services, including maintenance of roads, park operations, police services and water and sewer utilities.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 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 balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (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:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Capital Project 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 The fund is used for purchasing capital equipment for the Board of Public Affairs, Street Department, and general government.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sanitary Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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 Section 117-2-03 (C). 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 Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund 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. 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Deposits and Investments

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

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon 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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and 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 classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 979,436	\$ 1,133,024	\$ 153,588
Special Revenue	160,690	264,589	103,899
Capital Projects	-	87,545	87,545
Permanent	-	-	-
Enterprise	976,500	1,069,634	93,134

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,237,768	\$ 1,021,210	\$ 216,558
Special Revenue	432,176	123,924	308,252
Capital Projects	281,408	138,969	142,439
Permanent	5,000	-	5,000
Enterprise	1,695,553	990,133	705,420

Note 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 deposit account is as follows:

2022		
Demand deposits	\$	1,867,165

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village has remitted all employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of one percent (1%) on substantially all earned income arising from employment, residency, or business activities within the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's tax collection agent, the Central Collection Agency (CCA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management (continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2022
Cash and investments	\$ 42,310,794
Actuarial liabilities	15,724,479

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time police officers and volunteer firefighters, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 % of their gross salaries, and the Village contributed an amount equaling 14 % of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2022. OP&F contributes 0.5% to fund these benefits.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (continued)

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
OWDA #4512	\$ 588,492	0%
OWDA #5838	96,657	4.72%
OPWC #CP10S	37,654	0%
OPWC #CP33U	415,042	0%
OPWC #CP40U	<u>180,000</u>	0%
	<u><u>\$ 1,317,845</u></u>	

The Ohio Water Development Authority (OWDA) loan #4512 is a no interest loan that was obtained for the planning, design and construction of waste water facilities and water pollution control. The loan will be paid in semi-annual installments over 20 years. The Village is required to adjust rates and charges for the services and facilities of its sanitary sewer in the amounts sufficient to pay these bonds. Water and sewer receipts collateralize these loans. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The OWDA loan #5838 relates to the sewer replacement project. It is a 15-year loan at 4.72% interest, payable in semi-installments until 2027. Water and sewer receipts also collateralize this loan.

The 2016 OPWC (Ohio Public Works Commission) CP10S loan is a no interest loan that was obtained to replace the East Schultz Street Sanitary Sewer. The loan will be paid in semi-annual installments over 15 years.

The 2017 OPWC (Ohio Public Works Commission) CP33U loan is a no interest loan that was obtained to improve the Sanitary Sewer trunk line. The loan will be paid in semi-annual installments over 30 years.

The 2019 OPWC (Ohio Public Works Commission) CP40U loan is a no interest loan that was obtained to provide for a booster station and water tank painting. The loan will be paid in semi-annual installments over 23 years.

Village of Dalton
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

Amortization

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

Year ending December 31:	OWDA	OPWC
	Loans	Loans
2023	\$ 173,268	\$ 29,091
2024	173,431	29,092
2025	173,603	29,092
2026	173,603	29,092
2027	-	29,092
2028-2032	-	143,245
2033-2037	-	123,310
2038-2042	-	123,310
2043-2047	-	87,310
2048-2050	-	10,062
	<hr/> <u>\$ 693,905</u>	<hr/> <u>\$ 632,696</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the unexpended 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 facilitate effective cash planning and control. At year end, the balances of these amount were as follows:

	Fund Balances	General	Permanent	Total
Nonspendable				
Corpus	\$ -	\$ 56,358	\$ 56,358	
Outstanding Encumbrances	4,010	-	4,010	

The fund balance of special revenue funds is either restricted or committed. The fund balance of 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, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are be considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

Village of Dalton
Wayne County
1 West Main Street
Dalton, Ohio 44618

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Dalton, Wayne County, (the Village) and have issued our report thereon dated October 12, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider findings 2023-001 and 2023-002 to be material weaknesses.

*Village of Dalton
Wayne County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards**
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2023-002 and 2023-003.

We also noted a certain other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 12, 2024.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

October 12, 2024

Village of Dalton
Wayne County
Schedule of Findings
December 31, 2023 and 2022

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2023-001 - Material Weakness

Audit Adjustments and Reclassifications

During 2023 and 2022, errors were noted in the Village's financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2022, the Village recorded American Rescue Act funds of \$99,675 as Miscellaneous rather than as Intergovernmental Revenue in the Special Revenue Fund.
- In 2022, the Village recorded a Sale of Capital Asset of \$8,000 as Miscellaneous receipt rather than as Sale of Capital Assets in the Special Revenue Fund.
- In 2023, the Village recorded State Grants of \$5,361 as Miscellaneous receipts rather than Intergovernmental receipts in the Enterprise Fund.
- In 2022, the Village recorded Principal payments of \$4,431, \$162,785 and \$14,762 as Other, Capital Outlay and Interest and Other Fiscal Charges rather than as Principal Retirement in the Enterprise Fund.
- In 2023, the Village recorded Principal payments of \$4,430, \$162,785 and \$9,000 as Other, Capital Outlay and Interest and Other Fiscal Charges rather than as Principal Retirement in the Enterprise Fund.
- In 2023, the Village did not record new debt of \$250,915 in Loan Issued and Capital Outlay.

Adjustments were made in the audited financial statements to reflect the proper presentation.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officer's Handbook, the Uniform Accounting Network Manual and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements. Also, management and Council should monitor all transactions and financial activity to assist in identifying and correcting errors.

Management's Response:

See Corrective Action Plan.

Finding Number 2023-002 – Noncompliance and Material Weakness

Approved Appropriations Matching Accounting System

Ohio Admin. Code § 117-2-02-(C) (1) requires all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system in order to effectively maintain the accounting and budgetary records. This means designing an accounting system to provide ongoing and timely information of appropriations.

Village of Dalton
Wayne County
Schedule of Findings - (continued)
December 31, 2023 and 2022

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS – (continued)**

Finding Number 2023-002 – Noncompliance and Material Weakness (continued)

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Council and the County Auditor, were reconciled to the appropriations and estimated receipts posted to the accounting system for both 2023 and 2022. This resulted in incorrect amounts posted to the accounting system for nearly all funds and information available to Village Council to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. The budgetary footnotes reflect all properly approved budgetary information.

We recommend the Village implement procedures to ensure appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the Council and County Auditor after each amendment. This will allow for regular comparison of all current budgetary activity to make proper financial decisions.

Management’s Response – See Corrective Action Plan.

Finding Number 2023-003 - Noncompliance

Approval of Transfers

Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any fund of the subdivision by resolution of the taxing authority or from one fund to another as is specifically authorized in Ohio Rev. Code. Section 5705.14. Section 5705.14, Revised Code, requires the Village to have approval from the Council authorizing transfers of money between funds of the Village. None of the transfers made by the Village were approved by the Council.

We recommend the Fiscal Officer obtain the Council authorization prior to the transfer of funds for accountability and compliance with the Ohio Revised Code.

Management’s Response – See Corrective Action Plan.

Village of Dalton
Wayne County
Schedule of Prior Audit Findings (Prepared by Management)
December 31, 2023 and 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness - Financial Statements Reclassifications and Adjustments: proper recording of transactions	Not Corrected	

Village of Dalton
Wayne County
Corrective Action Plan (Prepared by Management)
December 31, 2023 and 2022

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	This issue caused mainly by previous administration. Current Fiscal Officer is aware of the issues and will review receipts and disbursements when received and paid to post correctly.	Immediately	Siobhan Berresford, Fiscal Officer
2023-002	This issue caused mainly by previous administration. Current Fiscal Officer will only post budgetary information from approved appropriations and certificates.	Immediately	Siobhan Berresford, Fiscal Officer
2023-003	This issue caused mainly by previous administration. Fiscal Officer will continue to work with the Council on properly certifying transfers between funds.	Immediately	Siobhan Berresford, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF DALTON

WAYNE 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 2/13/2025

65 East State 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