

**VILLAGE OF DRESDEN**  
**AUDIT REPORT**  
**JANUARY 1, 2017 - DECEMBER 31, 2018**

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



OHIO AUDITOR OF STATE  
KEITH FABER



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Village 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, 2017 through December 31, 2018. 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 black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 4, 2019

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**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY  
JANUARY 1, 2017 - DECEMBER 31, 2018**

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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 by fund type and related notes of the Village of Dresden, Muskingum County, as of and for the years ended December 31, 2018 and 2017.

**Management's Responsibility for the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of 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 opinions.

**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 basis of accounting and GAAP are not reasonably determinable, are presumed to be 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 the Village of Dresden as of December 31, 2018 and 2017, or changes in financial position or cash flows thereof for the years then ended.

#### **Basis for Additional Opinion Qualification**

Charges for Service receipts in the Swimming Pool Enterprise Fund are reported at \$197,343 and \$186,448 for the years ended December 31, 2018 and 2017, respectively, which are 26% and 25% of total Enterprise Funds operating receipts for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, 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, Debt Service, Capital Projects and Agency Funds of the Village of Dresden, Muskingum County as of December 31, 2018 and 2017, for the years then ended 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.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2019, on our consideration of the 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  
May 31, 2019

**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, 2018**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>					
Property Tax and Other Local Taxes	\$ 116,394	\$ 8,161	\$ 69,318	\$ -	\$ 193,873
Municipal Income Tax	309,757	-	-	-	309,757
Intergovernmental Receipts	49,784	484,836	9,099	-	543,719
Special Assessments	-	55,642	-	-	55,642
Charges for Services	-	380,784	62,436	-	443,220
Fines, Licenses, and Permits	6,316	-	-	-	6,316
Earnings on Investments	7,044	520	-	-	7,564
Miscellaneous	25,554	31,940	4,800	-	62,294
<b>Total Cash Receipts</b>	<u>514,849</u>	<u>961,883</u>	<u>145,653</u>	<u>-</u>	<u>1,622,385</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	257,828	401,718	302	-	659,848
Public Health Services	-	26,697	-	-	26,697
Transportation	-	146,152	-	-	146,152
General Government	162,336	1,939	2,102	-	166,377
Capital Outlay	-	493,858	-	-	493,858
Debt Service:					
Principal	6,187	-	107,679	-	113,866
Interest	334	-	10,657	-	10,991
<b>Total Cash Disbursements</b>	<u>426,685</u>	<u>1,070,364</u>	<u>120,740</u>	<u>-</u>	<u>1,617,789</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	88,164	(108,481)	24,913	-	4,596
<b>Other Financing Receipts/(Disbursements)</b>					
Transfers In	-	37,521	48,814	-	86,335
Transfers Out	(29,014)	(64,427)	-	-	(93,441)
Advances In	13,025	1,288	-	-	14,313
Advances Out	(14,494)	(2,368)	-	-	(16,862)
Bond Proceeds	-	41,474	-	-	41,474
Sale of Capital Assets	-	-	-	34,674	34,674
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(30,483)</u>	<u>13,488</u>	<u>48,814</u>	<u>34,674</u>	<u>66,493</u>
<b>Extraordinary Item</b>	-	85,030	-	-	85,030
<b>Net Change in Fund Cash Balance</b>	57,681	(9,963)	73,727	34,674	156,119
<b>Fund Cash Balances, January 1, 2018</b>	<u>(73,399)</u>	<u>212,424</u>	<u>182,683</u>	<u>-</u>	<u>321,708</u>
<b>Fund Cash Balances, December 31, 2018</b>					
Restricted	-	202,461	256,410	34,674	493,545
Assigned	2,671	-	-	-	2,671
Unassigned (Deficit)	(18,389)	-	-	-	(18,389)
<b>Fund Cash Balances, December 31, 2018</b>	<u>\$ (15,718)</u>	<u>\$ 202,461</u>	<u>\$ 256,410</u>	<u>\$ 34,674</u>	<u>\$ 477,827</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, 2018**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 727,427	\$ -	\$ 727,427
Fines, Licenses and Permits	-	15,572	15,572
Miscellaneous	27,612	-	27,612
	<u>755,039</u>	<u>15,572</u>	<u>770,611</u>
<b>Total Operating Cash Receipts</b>	<u>755,039</u>	<u>15,572</u>	<u>770,611</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	195,251	-	195,251
Fringe Benefits	91,650	-	91,650
Contractual Services	207,159	-	207,159
Supplies and Materials	287,305	-	287,305
Other	-	18,373	18,373
	<u>781,365</u>	<u>18,373</u>	<u>799,738</u>
<b>Total Operating Cash Disbursements</b>	<u>781,365</u>	<u>18,373</u>	<u>799,738</u>
<b>Operating Income/(Loss)</b>	<u>(26,326)</u>	<u>(2,801)</u>	<u>(29,127)</u>
<b>Non-Operating Cash Receipts (Disbursements):</b>			
Special Assessments	17,754	-	17,754
Other Debt Proceeds	156,699	-	156,699
Miscellaneous	20,939	-	20,939
Capital Outlay	(383,436)	-	(383,436)
Principal Retirement	(68,945)	-	(68,945)
Interest and Other Charges	(25,284)	-	(25,284)
	<u>(282,273)</u>	<u>-</u>	<u>(282,273)</u>
<b>Total Non-Operating Cash Receipts (Disbursements)</b>	<u>(282,273)</u>	<u>-</u>	<u>(282,273)</u>
<b>Income (Loss) before Capital Contribution, Special Item, Extraordinary Item, Transfers and Advances</b>	<u>(308,599)</u>	<u>(2,801)</u>	<u>(311,400)</u>
<b>Transfers In</b>	5,317	1,789	7,106
<b>Transfers Out</b>	-	-	-
<b>Advances In</b>	16,250	-	16,250
<b>Advances Out</b>	(13,701)	-	(13,701)
	<u>(300,733)</u>	<u>(1,012)</u>	<u>(301,745)</u>
<b>Net Change in Fund Cash Balance</b>	<u>(300,733)</u>	<u>(1,012)</u>	<u>(301,745)</u>
<b>Fund Cash Balances, January 1</b>	<u>1,171,182</u>	<u>1,546</u>	<u>1,172,728</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 870,449</u>	<u>\$ 534</u>	<u>\$ 870,983</u>

See notes to financial statements.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018**

**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.

**Fire Station Bond Fund** – This fund accounts for debt service payments for purposes of paying for the fire station.

**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, 2018**

**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, 2018**

**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 2018 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, 2018**

**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, 2018**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2018 is as follows:

<b>2018 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 511,596	\$ 514,849	\$ 3,253
Special Revenue	789,967	1,125,908	335,941
Debt Service	152,405	194,467	42,062
Capital Projects	-	34,674	34,674
Enterprise	913,139	955,748	42,609
Total	\$ 2,367,107	\$ 2,825,646	\$ 458,539

<b>2018 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 927,608	\$ 458,370	\$ 469,238
Special Revenue	847,734	1,134,791	(287,057)
Debt Service	273,292	120,740	152,552
Enterprise	2,024,475	1,259,030	765,445
Total	\$ 4,073,109	\$ 2,972,931	\$ 1,100,178

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.

Contrary to ORC 5705.10, the Village had funds with negative fund balances at December 31, 2018.

**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:

	2018
Demand Deposits	\$ 1,342,984
Certificates of Deposits	5,826
Total Deposits	\$ 1,348,810

**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, 2018**

**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 2018, 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, 2018.

*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, 2018**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2018, 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, 2018.

*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, 2018.

**9. 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. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

**10. DEBT**

Debt outstanding at December 31, 2018 was as follows:

	2018 Principal	%
OWDA 5281 Trinway Waterline Extension	\$ 222,775	0.00
OWDA 7523 WWTP Improvements	870,820	2.44
Fire Truck Bonds	132,180	2.97
OPWC CTA5M Trunk Line Replacement	157,357	0.00
Swim Center Bonds	309,164	3.50
Building Improvement Bonds	5,805	3.50
2018 Police Vehicle Bond	41,474	4.25
Total	\$ 1,739,575	

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, 2018 and no amortization schedule is available for its repayment. The Village has drawn \$891,887 as of December 31, 2018. 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.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**10. DEBT (Continued)**

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 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 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 Building Improvement Bonds in 2014 in the amount of \$32,400 from Century National Bank. The debt will be repaid over five years with monthly payments of \$589.16, including interest from the General 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.

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

Year Ending December 31	Building Improvement	Police Vehicle Bond
2019	\$ 5,901	\$ 11,494
2020	-	11,494
2021	-	11,494
2022	-	11,494
Total	<u>\$ 5,901</u>	<u>\$ 45,976</u>

Year Ending December 31	Fire Truck Bonds	OWDA #5281	OPWC #CTA5M	Swim Center
2019	\$ 69,522	\$ 10,362	\$ 14,305	\$ 26,217
2020	69,522	10,362	14,305	26,217
2021	-	10,362	14,305	26,217
2022	-	10,362	14,305	26,217
2023	-	10,362	14,305	26,217
2024-2028	-	51,810	71,525	131,085
2029-2033	-	51,810	14,307	131,085
2034-2038	-	51,810	-	8,737
2039-2043	-	15,535	-	-
Total	<u>\$ 139,044</u>	<u>\$ 222,775</u>	<u>\$ 157,357</u>	<u>\$ 401,992</u>

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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. FINANCIAL DIFFICULTIES**

The General Fund, Street Construction, Maintenance and Repair Fund, and Fire and Squad Funds had audit adjustments that were posted to the financial statements and accounting records that resulted in fund deficits of \$15,718, \$29,842 and \$5,682, respectively, as of December 31, 2018. The Village will monitor all expenditures of these funds.

**13. EXTRAORDINARY ITEM**

In 2018, the Village received a payment of \$85,030 from American Electric Power to demolish a building allowing AEP to complete their project.

**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, 2017**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts</b>				
Property Tax and Other Local Taxes	\$ 113,541	\$ 15,937	\$ 68,889	\$ 198,367
Municipal Income Tax	296,701	-	-	296,701
Intergovernmental Receipts	57,344	59,728	9,601	126,673
Special Assessments	-	39,725	-	39,725
Charges for Services	-	256,818	28,454	285,272
Fines, Licenses, and Permits	7,191	-	-	7,191
Earnings on Investments	6,218	40	-	6,258
Miscellaneous	24,193	37,454	4,800	66,447
<b>Total Cash Receipts</b>	<u>505,188</u>	<u>409,702</u>	<u>111,744</u>	<u>1,026,634</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	210,849	311,805	-	522,654
Public Health Services	-	22,407	-	22,407
Transportation	-	110,484	-	110,484
General Government	173,435	3,129	2,388	178,952
Capital Outlay	6,750	29,361	-	36,111
Debt Service:				
Principal	6,514	14,702	110,536	131,752
Interest	568	689	11,844	13,101
<b>Total Cash Disbursements</b>	<u>398,116</u>	<u>492,577</u>	<u>124,768</u>	<u>1,015,461</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	107,072	(82,875)	(13,024)	11,173
<b>Other Financing Receipts/(Disbursements)</b>				
Transfers In	-	69,761	48,827	118,588
Transfers Out	(72,011)	(48,827)	-	(120,838)
Advances In	13,209	20,697	28,000	61,906
Advances Out	(49,913)	(23,078)	-	(72,991)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(108,715)</u>	<u>18,553</u>	<u>76,827</u>	<u>(13,335)</u>
<b>Net Change in Fund Cash Balance</b>	(1,643)	(64,322)	63,803	(2,162)
<b>Fund Cash Balances, January 1, 2017</b>	<u>(71,756)</u>	<u>276,746</u>	<u>118,880</u>	<u>323,870</u>
<b>Fund Cash Balances, December 31, 2017</b>				
Restricted	-	212,424	182,683	395,107
Assigned	5,478	-	-	5,478
Unassigned (Deficit)	(78,877)	-	-	(78,877)
<b>Fund Cash Balances, December 31, 2017</b>	<u>\$ (73,399)</u>	<u>\$ 212,424</u>	<u>\$ 182,683</u>	<u>\$ 321,708</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, 2017**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 743,078	\$ -	\$ 743,078
Fines, Licenses and Permits	-	12,327	12,327
Miscellaneous	11,904	-	11,904
	<u>754,982</u>	<u>12,327</u>	<u>767,309</u>
<b>Total Operating Cash Receipts</b>	<u>754,982</u>	<u>12,327</u>	<u>767,309</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	188,207	-	188,207
Fringe Benefits	59,219	-	59,219
Contractual Services	139,903	-	139,903
Supplies and Materials	206,876	-	206,876
Other	-	10,781	10,781
	<u>594,205</u>	<u>10,781</u>	<u>604,986</u>
<b>Total Operating Cash Disbursements</b>	<u>594,205</u>	<u>10,781</u>	<u>604,986</u>
<b>Operating Income/(Loss)</b>	<u>160,777</u>	<u>1,546</u>	<u>162,323</u>
<b>Non-Operating Cash Receipts (Disbursements):</b>			
Special Assessments	19,827	-	19,827
Other Debt Proceeds	735,188	-	735,188
Miscellaneous	26,496	-	26,496
Capital Outlay	(507,088)	-	(507,088)
Principal Retirement	(45,569)	-	(45,569)
Interest and Other Charges	(11,773)	-	(11,773)
	<u>217,081</u>	<u>-</u>	<u>217,081</u>
<b>Total Non-Operating Cash Receipts (Disbursements)</b>	<u>217,081</u>	<u>-</u>	<u>217,081</u>
<b>Income (Loss) before Capital Contribution, Special Item, Extraordinary Item, Transfers and Advances</b>	377,858	1,546	379,404
<b>Transfers In</b>	2,250	-	2,250
<b>Advances In</b>	19,163	-	19,163
<b>Advances Out</b>	<u>(8,078)</u>	<u>-</u>	<u>(8,078)</u>
<b>Net Change in Fund Cash Balance</b>	391,193	1,546	379,404
<b>Fund Cash Balances, January 1</b>	<u>779,989</u>	<u>-</u>	<u>779,989</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 1,171,182</u>	<u>\$ 1,546</u>	<u>\$ 1,159,393</u>

See notes to financial statements.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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, 2017**

**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.

**Ambulance Sinking Fund** – This fund accounts for debt service payments for purposes of ambulance purchases.

**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.

**Fire Station Bond Fund** – This fund accounts for debt service payments for purposes of paying for the fire station.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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, 2017**

**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 2017 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, 2017**

**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, 2017**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2017 is as follows:

<b>2017 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 474,348	\$ 505,188	\$ 30,840
Special Revenue	462,956	479,463	16,507
Debt Service	152,394	160,571	8,177
Enterprise	1,757,457	1,538,743	(218,714)
Total	\$ 2,847,155	\$ 2,683,965	\$ (163,190)

<b>2017 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 552,490	\$ 475,605	\$ 76,885
Special Revenue	703,119	541,404	161,715
Debt Service	181,179	124,768	56,411
Enterprise	1,418,732	1,158,635	260,097
Total	\$ 2,855,520	\$ 2,300,412	\$ 555,108

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.

Contrary to ORC 5705.10, the Village had funds with negative fund balances at December 31, 2017.

**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:

	2017
Demand Deposits	\$ 1,475,318
Certificates of Deposits	5,783
Total Deposits	\$ 1,481,101

**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, 2017**

**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 2017, 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, 2017.

*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, 2017**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2017, 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, 2017.

*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, 2017.

**9. 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. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

**10. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	2017	
	<u>Principal</u>	<u>%</u>
OWDA 5281 Trinway Waterline Extension	\$ 233,137	0.00
OWDA 7523 WWTP Improvements	735,188	2.44
USDA Fire Station Bonds	46,600	4.75
Fire Truck Bonds	194,440	2.97
OPWC CTA5M Trunk Line Replacement	171,662	0.00
Swim Center Bonds	324,105	3.50
Building Improvement Bonds	12,551	3.50
Police Vehicle Bond	6,530	2.50
Total	<u>\$ 1,724,213</u>	

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, 2017 and no amortization schedule is available for its repayment. The Village has drawn \$735,188 as of December 31, 2017. 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.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**10. DEBT (Continued)**

During 1998, through an agreement with the United States Department of Agriculture, the Village issued bonds for the construction of a fire station. The \$621,800 bond issue is held by the United States Department of Agriculture. 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 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 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 Building Improvement Bonds in 2014 in the amount of \$32,400 from Century National Bank. The debt will be repaid over five years with monthly payments of \$589.16, including interest from the General Fund. The Village issued a Police Vehicle Bond in 2015 in the amount of \$38,000 from Century National Bank. The debt will be repaid over three years with quarterly installments of \$3,299, including interest, from the Police Cruiser Fund.

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

Year Ending December 31	USDA Fire Station	Building Improvement	Police Vehicle Bond
2018	\$ 48,813	\$ 7,081	\$ 6,597
2019	-	5,901	-
Total	<u>\$ 48,813</u>	<u>\$ 12,982</u>	<u>\$ 6,597</u>

Year Ending December 31	Fire Truck Bonds	OWDA #5281	OPWC #CTA5M	Swim Center
2018	\$ 69,522	\$ 10,362	\$ 14,305	\$ 26,217
2019	69,522	10,362	14,305	26,217
2020	69,522	10,362	14,305	26,217
2021	-	10,362	14,305	26,217
2022	-	10,362	14,305	26,217
2023-2027	-	51,810	71,525	131,085
2028-2032	-	51,810	28,612	131,085
2033-2037	-	51,810	-	34,954
2038-2042	-	25,897	-	-
Total	<u>\$ 208,566</u>	<u>\$ 233,137</u>	<u>\$ 171,662</u>	<u>\$ 428,209</u>



**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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. FINANCIAL DIFFICULTIES**

The General Fund and Street Construction, Maintenance and Repair Funds had audit adjustments that were posted to the financial statements and accounting records that resulted in fund deficits of \$73,399 and \$39,982, respectively, as of December 31, 2017. The Village will monitor all expenditures of these funds.

**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 general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Dresden, Muskingum County as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 31, 2019, 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 the Village of Dresden's internal control over financial reporting (internal control) to determine the 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.

Our consideration of internal control was for the limited purpose described in the first paragraph 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. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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. We consider Findings 2018-001, 2018-002, 2018-003, 2018-005, 2018-006, and 2018-007 described in the accompanying schedule of findings to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about 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 determination of financial statement amounts. 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 five instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001, 2018-002, 2018-003, 2018-004 and 2018-008.

***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  
May 31, 2019

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**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 2018:

- Fire Contracts were not properly allocated to the appropriate funds in the amount of \$9,300. The Charges for Service were originally recorded in the Fire Sinking Fund when it should have been posted to the Fire and Squad Fund.
- A fire grant in the amount of \$47,403 was improperly recorded as Intergovernmental Revenue in the Fire Sinking Fund when it should have been recorded as Intergovernmental Revenue in the Fire and Squad Fund.
- Expenditures totaling \$92,811 were improperly posted to the Fire Sinking Fund when they should have been posted to the Fire and Squad Fund.

The following transactions were improperly classified and posted to the incorrect funds in fiscal year 2017:

- Homestead and Rollback Funds in the amount of \$4,802 was posted to the General Fund when it should have been posted to the Fire Bond Fund.
- Expenditures totaling \$18,210 were improperly posted to the Fire Sinking Fund when they should have been posted to the Fire and Squad Fund.

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

Client Response: We received no response from client.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-002**

**Noncompliance and Material Weakness**

Ohio Revised Code Section 5705.14 states that no transfers shall be made from one fund of a subdivision to any other fund except for those exceptions provided for in Ohio Revised Code Sections 5705.14(A) through (H). Ohio Revised Code Section 5705.15 state that in addition to the transfers authorized on Ohio Revised Code Section 5705.14 the taxing authority of any political subdivision may, in the manner provided in this section and Ohio Revised Code Section 5705.16, transfer from one fund to another any public funds under its supervision, except the proceeds or balances of loans, bond issues, special levies for the payment of loans or bond issues, the proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and the proceeds or balances of any license fees imposed by law for a specified purpose. Except in the case of transfer pursuant to division (E) of Ohio Revised Code Section 5705.14, transfers authorized by Ohio Revised Code Section 5705.14 shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members.

Ohio Revised Code Section 10(I) states that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

AOS Bulletin 1997-003 also states that in order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the “creditor” fund) for the same purpose for which the fund receiving the cash (the “debtor” fund) was established.

AOS Bulletin 1997-003 states that advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:

- A specific statement that the transaction is an advance of cash, and
- An indication of the money (fund) from which it is expected that repayment will be made.

For 2017, we noted the following transfer made by the Village which does not meet the exceptions outlined in Ohio Revised Code Section 5705.14(A) through (H):

- A transfer of \$1,189 from Permissive Motor Vehicle License Tax Special Revenue Fund to the Street Construction, Maintenance and Repair Special Revenue Fund.

The Village also posted advances throughout 2017 that did not appear to have the proper authority or legislation to allow these advances to occur. The following changes were made to agree with the legislation approved:

- General Fund Advances-In were adjusted by \$11,765 and General Fund Advances-Out were adjusted by \$7,582. Special Revenue Fund Advances-In were adjusted by \$481 and Special Revenue Fund Advances-Out were adjusted by \$8,118. Enterprise Fund Advances-In were adjusted by \$11,146 and Enterprise Fund Advances-Out were adjusted by \$7,692.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-002 (Continued)**

These adjustments to which management had agreed are reflected in the accompanying financial statements. However, these and prior adjustments plus adjustments from Finding Number 2018-001 have created negative fund balances in the General Fund, Street Construction, Maintenance and Repair Special Revenue Fund and Fire and Squad Fund (2018 only) at December 31, 2018 and 2017.

The Village should review the compliance requirements before approving transfers or advances to ensure the transfer and/or advance is allowable and properly authorized. The Village Council should only approve transfers of funds that are specifically allowed by the Ohio Revised Code. The Village should also monitor the expenditures and fund balances to prevent future expenditures in excess of available resources.

Client Response: We received no response from client.

**FINDING NUMBER 2018-003**

**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 (Revised March 2017) 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.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-003 (Continued)**

Various adjustments, in addition to those discussed in Findings No. 2018-001 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, 2017, the following adjustments were noted:

- A reclassification in the amount of \$7,436 and \$4,799 was made from Property and Other Local Taxes to Intergovernmental Revenue in the General Fund and Fire Bond Fund, respectively for Rollbacks.
- A reclassification in the amount of \$24,725 and \$15,000 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 \$83,942 was made from Miscellaneous Revenue to Charges for Services in the Sewer Construction Fund to properly state revenue.
- A reclassification in the amount of \$10,579 was made from Security of Persons and Property to General Government in the General Fund to properly state legal fees.
- A reclassification in the amount of \$6,150 from Transportation and \$8,661 from General Government was made to Capital Outlay in the General Fund for assets purchased.
- A reclassification in the amount of \$11,151 was made from Security of Persons to Capital Outlay in the FEMA Fund for assets purchased.
- A reclassification in the amount of \$7,875 was made from Supplies and Materials to Contractual Services in the Water Operating Fund.
- A reclassification in the amount of \$6,650 was made from Transfers-In to Fines, Licenses and Permits in the General Fund for monies received from Mayors Court.
- A reclassification in the amount of \$6,650 from Transfers Out to Other Expenses in the Mayors Court Fund to properly show payments made to the General Fund.
- A reclassification in the amount of \$2,171 from Interest and Fiscal Charges to Principal Retirement in the Fire Truck Fund to properly show debt paid.
- An adjustment was made in the amount of \$271,863 was made to Capital Outlay and Debt Proceeds in the Sewer Fund to record the pass through activity of a OWDA loan.

For fiscal year ending December 31, 2018, the following adjustments were noted:

- A reclassification in the amount of \$25,754 and \$29,888 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 \$73,829 was made from Miscellaneous Revenue to Charges for Services in the Sewer Construction Fund to properly state revenue.
- A reclassification in the amount of \$16,633 was made from Security of Persons and Property to General Government in the General Fund to properly state legal fees.
- A reclassification in the amount of \$11,510 was made from Transportation to Capital Outlay in the Permissive MVL Tax Fund for assets purchased.
- A reclassification in the amount of \$364,048 was made from Security of Persons to Capital Outlay in the FEMA Fund for assets purchased.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-003 (Continued)**

- A reclassification in the amount of \$5,490 was made from Transfers-In to Fines, Licenses and Permits in the General Fund for monies received from Mayors Court.
- A reclassification in the amount of \$5,490 from Transfers-Out to Other Expenses in the Mayors Court Fund to properly show payments made to the General Fund.
- A reclassification in the amount of \$22,279 from Principal Retirement to Interest and Fiscal Charges in the Water Sinking Fund to properly show debt paid.
- An adjustment in the amount of \$2,575 in the Sewer Fund to properly show the pass-through activity on a OWDA loan. Also a reclassification in the amount of \$8,358 from Interest and Fiscal Charges to Principal Retirement in the Sewer Fund to properly state debt paid.
- An adjustment was made in the amount of \$41,474 was made to Capital Outlay and Bond Proceeds in the Police Cruiser Fund to record the pass through activity of purchasing a police cruiser.

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 received no response from client.

**FINDING NUMBER 2018-004**

**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, 2018 and December 31, 2017 as follows:

Fund	Year	Appropriation Authority	Expenditures	Variance
Permissive MVL	2018	\$ 54,175	\$ 79,004	\$ (24,829)
Police Cruiser	2018	2,821	2,875	(54)
Fire Operations	2018	160,747	178,968	(18,221)
FEMA	2018	-	364,048	(364,048)
Fire Sinking Fund	2018	69,302	93,547	(24,245)



**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-004 (Continued)**

		Appropriation		
Fund	Year	Authority	Expenditures	Variance
Fire Operations	2017	\$ 108,595	\$ 131,556	\$ (22,961)
FEMA	2017	-	11,151	(11,151)
Fire Station Bond	2017	-	48,827	(48,827)
Water TP Improve.	2017	-	235,225	(235,225)
Police Cruiser SF	2017	5,625	6,458	(833)
Water Sink Cap Imp.	2017	-	12,266	(12,266)

As noted in Finding 2018-007, appropriations posted to the Village’s accounting system did not agree to appropriations adopted by Village Council. In addition, as discussed in Findings 2018-001 through 2018-003, 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 received no response from client.

**FINDING NUMBER 2018-005**

**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, 2018 AND 2017**

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

**FINDING NUMBER 2018-005 (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 received no response from client.

**FINDING NUMBER 2018-006**

**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: We received no response from client.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-007**

**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, 2018 and 2017. 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 received no response from client.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-008**

**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	2018	\$ 517,670	\$ 922,130	\$ (404,460)
Street	2018	100,230	130,100	(29,870)
Cemetery	2018	27,579	145,462	(117,883)
Street Lighting	2018	24,246	31,553	(7,307)
Fire and Squad	2018	261,540	275,514	(13,974)
Fire Operations	2018	126,851	159,729	(32,878)
Fire Sinking Fund	2018	43,723	69,302	(25,579)
Water Operating	2018	272,541	274,772	(2,231)
Water TP Improve.	2018	228,100	386,011	(157,911)
General	2017	442,045	550,241	(108,196)
Street	2017	150,842	162,929	(12,087)
State Highway	2017	4,700	4,822	(122)
Cemetery	2017	27,594	31,300	(3,706)
Permissive MVL	2017	8,287	9,163	(876)
Fire and Squad	2017	221,731	284,771	(63,040)
Water Operating	2017	258,741	278,717	(19,976)
Swimming Pool	2017	232,703	271,151	(38,448)

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 received no response from client.

**VILLAGE OF DRESDEN  
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2016-001	Noncompliance and Material Weakness Items not posted to proper funds	No	Not Corrected Stated in report as Finding 2018-001
2016-002	Noncompliance and Material Weakness Transfers and Advances	No	Not Corrected Stated in report as Finding 2018-002
2016-003	Noncompliance and Material Weakness Fund Balances, Reclassifications	No	Not Corrected Stated in report as Finding 2018-003
2016-004	ORC 5705.41(B) Expenditures exceed appropriations	No	Not Corrected Stated in report as Finding 2018-004
2016-005	Material Weakness Swimming Pool completeness	No	Not Corrected Stated in report as Finding 2018-005
2016-006	Material Weakness Segregation of Duties	No	Not Corrected Stated in report as Finding 2018-006
2016-007	Material Weakness Budgetary Receipts and Appropriations not posted correctly to UAN	No	Not Corrected Stated in report as Finding 2018-007

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF DRESDEN**

**MUSKINGUM COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 19, 2019**