

# **Village of Dennison**

*Audited Financial Statements*

*December 31, 2005*





**Auditor of State  
Betty Montgomery**

Mayor and Members of Council  
Village of Dennison  
302 Grant Street  
Dennison, Ohio 44621

We have reviewed the *Independent Auditor's Report* of the Village of Dennison, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Dennison is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

September 8, 2006

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VILLAGE OF DENNISON  
TUSCARAWAS COUNTY

DECEMBER 31, 2005

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types for the Year Ended December 31, 2005.....	3
Notes to the Financial Statements.....	4-10
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	11-12
Schedule of Findings.....	13-14
Schedule of Prior Audit Findings .....	15

Rea & Associates, Inc.  
ACCOUNTANTS AND BUSINESS CONSULTANTS

July 18, 2006

Mayor and Members of Council  
Village of Dennison  
302 Grant Street  
Dennison, OH 44621

Independent Auditor's Report

We have audited the accompanying financial statements of the Village of Dennison (the "Village") as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to generally accepted accounting principles would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2005. Instead of the funds the accompanying financial statements present for 2005, the revisions require presenting the entity wide statements and also to present its larger (i.e. major) funds separately for 2005. While the Village does not follow generally accepted accounting principles, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new generally accepted accounting principles presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use generally accepted accounting principles to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Dennison, Tuscarawas County, as of December 31, 2005 and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2005. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2006, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

*Kea & Associates, Inc.*

VILLAGE OF DENNISON  
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Special Revenue	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>			
Taxes	\$ 727,608	\$ 26,956	\$ 754,564
Intergovernmental Receipts	144,823	200,121	344,944
Charges for Services	0	5,375	5,375
Fines, Licenses and Permits	13,896	0	13,896
Rent	15,999	0	15,999
Earnings on Investments	1,746	339	2,085
Donations	11,391	10	11,401
Miscellaneous	7,859	0	7,859
<i>Total Cash Receipts</i>	<u>923,322</u>	<u>232,801</u>	<u>1,156,123</u>
<b>CASH DISBURSEMENTS:</b>			
Current:			
Security of Persons and Property	499,367	272	499,639
Leisure Time Activities	0	19,206	19,206
Community Environment	10,066	0	10,066
Basic Utility Services	24,317	0	24,317
Transportation	0	150,990	150,990
General Government	220,190	0	220,190
Capital Outlay	0	423,147	423,147
Debt Service:			
Principal Payments	35,967	0	35,967
Interest Payments	20,823	0	20,823
<i>Total Cash Disbursements</i>	<u>810,730</u>	<u>593,615</u>	<u>1,404,345</u>
<i>Total Cash Receipts Over/(Under) Disbursements</i>	<u>112,592</u>	<u>(360,814)</u>	<u>(248,222)</u>
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS):</b>			
Proceeds from Sale of Assets	453	24,000	24,453
Transfers - In	0	44,793	44,793
Transfers - Out	(44,793)	0	(44,793)
Other Financing Source (Use)	0	894	894
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(44,340)</u>	<u>69,687</u>	<u>25,347</u>
<i>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</i>	68,252	(291,127)	(222,875)
<i>Fund Cash Balances, January 1</i>	<u>319,097</u>	<u>592,905</u>	<u>912,002</u>
<b><i>Fund Cash Balances, December 31</i></b>	<b><u>\$ 387,349</u></b>	<b><u>\$ 301,778</u></b>	<b><u>\$ 689,127</u></b>
<i>Reserve for Encumbrances, December 31</i>	<u>\$ 5,707</u>	<u>\$ 3,623</u>	<u>\$ 9,330</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Dennison, Tuscarawas County, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), and police and fire services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Investments are limited to certificates of deposit.

The Village maintains all cash in a checking or money market savings account, which is valued at cost.

**D. Fund Accounting**

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

**General Fund**

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

VILLAGE OF DENNISON  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2005

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

*Center Street Project Fund* – This fund receives state grant money used for the purpose of improving infrastructure.

*FEMA Fund* – This fund receives federal money used for disaster recovery projects.

*Industrial Park Fund* – This fund receives state and federal grant money used for the purpose of constructing infrastructure in the Village's Industrial Park.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed 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.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 budgetary activity appears in Note 3.

VILLAGE OF DENNISON  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2005

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2005</u>
Demand deposits	<u>\$ 689,127</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village and by a bank deposit guarantee bond.

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2005**

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**NOTE 3: BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2005 is as follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 902,142	\$ 923,775	\$ 21,633
Special Revenue	<u>240,096</u>	<u>302,488</u>	<u>62,392</u>
Total	<u>\$ 1,142,238</u>	<u>\$ 1,226,263</u>	<u>\$ 84,025</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,185,845	\$ 861,230	\$ 324,615
Special Revenue	<u>718,759</u>	<u>597,238</u>	<u>121,521</u>
Total	<u>\$ 1,904,604</u>	<u>\$ 1,458,468</u>	<u>\$ 446,136</u>

**NOTE 4: PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County each April 30.

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

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2005**

**NOTE 5: LOCAL INCOME TAX**

The Village levies a municipal income tax of 2% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside 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.

**NOTE 6: DEBT**

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Industrial Park Improvement Note	\$ 381,625	6.25%
Police Cruiser	3,727	4.85%
Total	\$ 385,352	

The Village of Dennison renewed a note in 2003 with the First National Bank of Dennison for the Industrial Park Improvements. The note was originally acquired in April of 2000 as an open note and was totally drawn down in 2003. The interest rate fluctuates at prime minus 1%.

In May 2004 the Village purchased a police cruiser through Ford Municipal Finance Program.

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

Year ending December 31:	Police Cruiser Principal	Police Cruiser Interest	Industrial Park Imp. Note Principal	Industrial Park Imp. Interest
2006	\$ 3,127	\$ 45	\$ 21,500	\$ 11,153
2007	0	0	21,500	10,508
2008	0	0	21,500	9,863
2009	0	0	21,500	9,218
2010	0	0	21,500	8,573
2011-2015	0	0	107,500	33,191
2016-2020	0	0	107,500	17,066
2021-2025	0	0	59,125	2,522
Totals	\$ 3,127	\$ 45	\$ 381,625	\$ 102,094

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2005**

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**NOTE 7: RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of participant's gross salaries. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries for 2005. The Village has paid all contributions required through December 31, 2005.

**NOTE 8: RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles
- General Liability
- Public Official's Liability
- Employers Liability; and
- Law Enforcement Liability

**NOTE 9: JOINTLY GOVERNED ORGANIZATIONS**

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

The District is a jointly governed organization under Ohio Revised Code §6119.01, and is established to supply water to and to provide for the collection, treatment and disposal of waste water within the Uhrichsville-Dennison district, or beyond with additional fees. During 2005, \$9,045 was paid to the District by the Village.

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

The Cemetery is a jointly governed organization under Ohio Revised Code §759.27, and is directed by an appointed three-member board. Uhrichsville, Dennison and Union Mill Township each appoint one member to the board. The Cemetery provides burial services, operations and maintenance of the cemetery. During 2005, no monies were paid to the Cemetery by the Village.

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2005**

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**NOTE 9: JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugarcreek and Gnadenhutten. It is controlled by 25 trustees consisting of the three County Commissioners, the mayor of each participating city and 15 self-elected trustees. The board exercises total control over the operations of the Corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. During 2005, no monies were paid to the Corporation by the Village.

**D. Tuscarawas County Regional Planning Commission (Commission)**

The Village is associated with the Tuscarawas County Regional Planning Commission as a Jointly Governed Organization. The Commission is statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. In 2005, \$329 was paid to the Commission by the Village.

Rea & Associates, Inc.  
ACCOUNTANTS AND BUSINESS CONSULTANTS

July 18, 2006

Mayor and Members of Council  
Village of Dennison  
302 Grant Street  
Dennison, OH 44621

Independent Auditor's Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

We have audited the financial statements of the Village of Dennison (the Village) as of and for the year ended December 31, 2005, and have issued our report thereon dated July 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and responses as item 2005-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated July 18, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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* and which are described in the accompanying schedule of findings as items 2005-002 and 2005-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village of Dennison in a separate letter dated July 18, 2006.

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

*Rea & Associates, Inc.*

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Material Weakness in Internal Control

FINDING NUMBER	2005 – 001
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The Village does not have a procedure in place to review and ensure the income tax receipts are posted to the individual accounts through the CMI Income Tax reporting system in a timely manner and that records from the CMI system agree to the financial accounting system. The income tax deposits have been posted to the CMI system for 2005 but no entries have been made for 2006 as of July 17, 2006. Deposits of tax receipts were not posted to the financial accounting system daily nor were they deposited with the bank on a daily basis in 2005. At the current time one person receives payments, prepares the deposits for the bank, posts to the CMI system and posts to the financial system.

As a result it is not possible to verify that all payments are recorded and the financial records reflect the proper amount of receipts. A lack of oversight in this area could lead to misappropriation of funds, loss of checks from taxpayers, and the inability to verify that taxpayers are paying the amounts owed to the Village.

We recommend the Village establish procedures to ensure income tax receipts are posted and recorded in a timely manner and that management review of activity is performed. These procedures could include segregation of duties to ensure one person is not handling all aspects of the income tax department, management review of reports generated daily detailing activity, reconciliations of the income tax CMI system to the financial accounting records, and any other procedures the Village may deem necessary.

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005  
(Continued)**

Material Noncompliance

FINDING NUMBER	2005 – 002
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Ohio Rev. Code Section 5705.41(D) states "super blanket" certificates may be issued for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. The Village seems to be using "super blankets" for almost all expenditures. As noted in our testing the Village used super blankets for 56 out of 60 items, purchasing such items as supplies, education and training, property purchase, equipment repairs and other items that would not be recurring and reasonably predictable. We noted 35 of the 56 super blankets were for items that would not appear to qualify for this type of certificate. As a result items may be paid on a blanket certificate that may not have been authorized by management.

We recommend the Village limit the use of super blankets and use regular blanket certificates or regular purchase orders in most cases. A regular blanket certificate can be used for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

FINDING NUMBER	2005 – 003
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Ohio Rev. Code Section 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Further, the Ohio Village Officers Handbook, Chapter 2, paragraph IV A indicates the fiscal officer is the Village Clerk. We noted in our testing the Village Clerk is not signing the purchase orders which contain the required certification. The Deputy Clerk is signing the Clerk's name and indicating this with her initials. This has been the accepted practice and the instructions to the Deputy Clerk. This responsibility appears to be a designated responsibility of the Village Clerk and should not be assigned to anyone other than the Clerk.

The required certifications are not being obtained properly and the Village is in noncompliance with ORC. Not only is this a violation of ORC but the controls meant to be established by this certification are nonexistent. There is no fiscal officer authorization for expenditures and this could lead to purchases that are not proper or necessary for the Village.

We recommend the Village Clerk personally sign all purchase orders thereby ensuring the certification is done by the Village's fiscal officer. This will ensure compliance with ORC 5705.41(D) as to the certification and will also indicate the fiscal officer is reviewing and approving expenditures as proper and necessary for the Village.

**VILLAGE OF DENNISON**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2005**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2004-001	Ohio Rev. Code Section 135.18 securing adequate collateral.	Yes	
2004-002	Ohio Rev. Code Section 9.38 - Deposits of public money states public money must be deposited with the treasurer of the public office <i>or</i> to a designated depository on the business day following the day of receipt.	Yes	
2004-003	Income tax receipts entry in CMI system not being done.	No	2005 has been entered late and no activity for 2006 has been entered as of July 18, 2006. Repeat as finding 2005-001.
2004-004	Incorrect receipt postings annually on the Village books.	Partially Corrected	Progress is being made but certain items are still not properly posted. Moved to Management Letter.



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF DENNISON**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 21, 2006**