

**Village of Dennison**  
*Audited Financial Statements*

*December 31, 2007*





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Dennison  
302 Grant Street  
P.O. Box 147  
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, 2007 through December 31, 2007. 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 "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

July 1, 2008

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VILLAGE OF DENNISON  
TUSCARAWAS COUNTY

DECEMBER 31, 2007

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**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

May 21, 2008

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, 2007, 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, 2007. Instead of the funds the accompanying financial statements present for 2007, the revisions require presenting the entity wide statements and also to present its larger (i.e. major) funds separately for 2007. 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, 2007 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, 2007, 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, 2007 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, 2007. 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 May 21, 2008, 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.

*Rea & 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, 2007

	General	Special Revenue	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>			
Taxes	\$ 755,948	\$ 72,410	\$ 828,358
Intergovernmental Receipts	137,183	317,016	454,199
Grants	0	3,300	3,300
Charges for Services	59,297	20,528	79,825
Fines, Licenses and Permits	9,073	0	9,073
Earnings on Investments	9,667	1,621	11,288
Donations	2,097	230	2,327
Miscellaneous	<u>13,744</u>	<u>12,243</u>	<u>25,987</u>
<i>Total Cash Receipts</i>	<u>987,009</u>	<u>427,348</u>	<u>1,414,357</u>
<b>CASH DISBURSEMENTS:</b>			
Current:			
Security of Persons and Property	517,257	300	517,557
Public Health Services	0	46,041	46,041
Leisure Time Activities	0	47,161	47,161
Community Environment	12,393	198,010	210,403
Basic Utility Services	23,702	0	23,702
Transportation	0	129,209	129,209
General Government	203,242	29,219	232,461
Capital Outlay	12,240	140,712	152,952
Debt Service:			
Principal Payments	26,566	0	26,566
Interest Payments	<u>26,314</u>	<u>0</u>	<u>26,314</u>
<i>Total Cash Disbursements</i>	<u>821,714</u>	<u>590,652</u>	<u>1,412,366</u>
<i>Total Cash Receipts Over/(Under) Disbursements</i>	<u>165,295</u>	<u>(163,304)</u>	<u>1,991</u>
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS):</b>			
Transfers - In	0	130,000	130,000
Transfers - Out	(130,000)	0	(130,000)
Other Financing Source (Use)	<u>0</u>	<u>619</u>	<u>619</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(130,000)</u>	<u>130,619</u>	<u>619</u>
<i>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</i>	35,295	(32,685)	2,610
<i>Fund Cash Balances, January 1</i>	<u>468,929</u>	<u>327,932</u>	<u>796,861</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 504,224</u></b>	<b><u>\$ 295,247</u></b>	<b><u>\$ 799,471</u></b>
<i>Reserve for Encumbrances, December 31</i>	<u>\$ 3,652</u>	<u>\$ 2,559</u>	<u>\$ 6,211</u>

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

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

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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, 2007**

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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.

*Dennison Railroad Depot Fund* – This fund receives federal grant money used for the purpose of improving the Depot railway cars and museum.

**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 2007 budgetary activity appears in Note 3.

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2007**

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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 \$799,471.

**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.

**NOTE 3: BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 is as follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 883,245	\$ 997,089	\$ 113,844
Special Revenue	340,044	547,887	207,843
Total	<u>\$ 1,223,289</u>	<u>\$ 1,544,976</u>	<u>\$ 321,687</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,338,205	\$ 955,366	\$ 382,839
Special Revenue	684,012	593,211	90,801
Total	<u>\$ 2,022,217</u>	<u>\$ 1,548,577</u>	<u>\$ 473,640</u>

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2007**

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**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 revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2007, on the value as of December 31, 2006. For 2006, tangible personal property is assessed at 18.75% for property including inventory. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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.

**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.

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2007**

**NOTE 6: DEBT**

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Industrial Park Improvement Note	\$ 338,625	6.75%
Police Cruiser	5,688	7.80%
Total	<u>\$ 385,352</u>	

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% and is due September 12, 2023.

In November 2006 the Village purchased a police cruiser through GMAC Finance Program. This vehicle is on a three year annual payment schedule with an interest rate of 7.8%

Amortization of the above debt is scheduled as follows:

<u>Year ending 31-Dec</u>	<u>Police Cruiser Principal</u>	<u>Police Cruiser Interest</u>	<u>Industrial Park Imp. Note Principal</u>	<u>Industrial Park Imp. Interest</u>
2008	\$ 5,688	\$ 432	\$ 21,500	\$ 20,891
2009	0	0	21,500	19,470
2010	0	0	21,500	18,108
2011	0	0	21,500	16,746
2012	0	0	21,500	15,426
2013-2017	0	0	107,500	56,509
2018-2022	0	0	107,500	22,433
2023-2025	0	0	16,125	425
Totals	<u>\$ 5,688</u>	<u>\$ 432</u>	<u>\$ 338,625</u>	<u>\$ 170,008</u>

**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 Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS 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.

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2007**

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NOTE 7: RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% for police and 24% for firemen of participant's gross salaries. OPERS members contributed 9.5% of their wages. The Village contributed an amount equal to 13.85% of OPERS participants' gross salaries for 2007. The Village has paid all contributions required through December 31, 2007.

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

Settled claims have not exceeded this commercial coverage in any of the past three years. Also, the Village did not significantly reduce their limits of liability during the year.

NOTE 9: JOINTLY GOVERNED ORGANIZATIONS

A. Twin Village 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 2007, \$4,191 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 2007, no monies were paid to the Cemetery by the Village.

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2007**

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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 Village 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 2007, 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. During 2007, no monies were paid to the Commission by the Village.



**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

May 21, 2008

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, 2007, and have issued our report thereon dated May 21, 2008, wherein we noted the Village follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected in the Village's internal control. We consider the deficiencies described in finding 2007-001 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

We noted certain matters that we reported to management of the Village of Dennison in a separate letter dated May 21, 2008.

#### 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2007-002.

We noted certain matters that we reported to management of the Village of Dennison in a separate letter dated May 21, 2008.

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.

*Hea & Associates, Inc.*

**VILLAGE OF DENNISON  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007**

<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)?	No
Were there any other internal control deficiencies conditions reported at the financial statement level (GAGAS)?	Yes
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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FINDING NUMBER	2007 – 001
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Significant Deficiency

There were a number of misposted receipts on the Village books. These receipt errors are misclassifications of intergovernmental receipts and taxes. Homestead, rollback, property tax exemptions and tax reimbursements from the state are all intergovernmental revenues and not tax revenues. The total received and incorrectly classified in 2007 was \$22,766 which resulted in a fund realignment of \$1,884. If receipts are posted to the wrong funds or line items, the Village Council and management may not have an accurate picture of the receipts available to fund certain projects or activities. With incorrect postings of receipts management is also unable to compare receipt sources with prior years in order to determine what funding trends are taking place. Because comparisons may be skewed management may not be able to detect fraud in a timely manner.

We recommend management not only sign the receipt form but indicate that the account codes have been reviewed by placing a check mark on the account code on the receipt forms. Additionally, we recommend continued education for the Deputy Clerk and Clerk on the proper recording procedures for the various funding sources, an Accounting Policies and Procedures Manual, continued review of the UAN Manual for proper coding and any other manner of review management deems necessary. Improvement will enable management to have an accurate picture of the financial condition of the Village during the year and will provide a better budgeting tool for the Village Council.

**Management response:**

Account codes will be checked at the time of signature. A review of the UAN coding will also be done.

VILLAGE OF DENNISON  
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007  
(Continued)

FINDING NUMBER	2007 – 002
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Material Non-Compliance

**Ohio Rev Code Section 5705.14(E)** states money may be transferred from the general fund to any other fund of the subdivision by resolution of the taxing authority. The Village transferred a total of \$130,000 out of the general fund to the Pool Fund (\$50,000) and the Street Fund (\$80,000) without the proper authority (resolution) of Council. We understand Council believes it is authorizing the transfers when they are included in the appropriations measure; however, a resolution is required when the transfers are actually made. Without the proper authority, money could be moved from one fund to another in violation of laws and regulations. This could indicate improper expenses are being charged to a fund and transfers are being used to cover up those expenses.

We recommend the Council pass a resolution for all transfers from the general fund. This resolution must indicate the fund receiving the transfer and the amount.

**Management Response:**

Transfers will be done by appropriate resolution in the future.

**VILLAGE OF DENNISON**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2007**

<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>
2006-001	The federal Highway Planning & Construction grant reimbursements were incorrectly calculated causing excess federal dollars to be received based on the invoices submitted.	Yes	



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF DENNISON**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 15, 2008**