

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of Dresden, Muskingum County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. 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 Accountants' 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 Accountants' 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 Dresden 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

November 19, 2009

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**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

October 16, 2009

Village of Dresden
Muskingum County
904 Chestnut Street
Dresden, OH 43821

To the Village Council:

We have audited the accompanying financial statements of the **Village of Dresden, Muskingum County, Ohio**, (the Village) as of and for the years ended December 31, 2008 and 2007. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2008 and 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, 2008 and 2007 or their changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Dresden, Muskingum County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 October 16, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**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, 2008**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$ 73,618	\$ 25	\$ 38,517	\$ -	\$ 112,160
Municipal Income Tax	4,330	270,202	-	-	274,532
Intergovernmental	98,457	44,924	-	113,285	256,666
Special Assessments	-	19,010	-	-	19,010
Charges for Services	-	11,279	-	-	11,279
Fines, Licenses, and Permits	4,043	-	-	-	4,043
Earnings on Investments	16,986	-	-	-	16,986
Miscellaneous	22,886	-	-	-	22,886
	<u>220,320</u>	<u>345,440</u>	<u>38,517</u>	<u>113,285</u>	<u>717,562</u>
Total Cash Receipts					
	<u>220,320</u>	<u>345,440</u>	<u>38,517</u>	<u>113,285</u>	<u>717,562</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	182,752	17,558	-	-	200,310
Public Health Services	-	15,653	-	-	15,653
Transportation	-	172,033	-	-	172,033
General Government	130,522	16,076	1,271	-	147,869
Debt Service:					
Redemption of Principal	-	14,679	82,597	-	97,276
Interest and Fiscal Charges	-	4,418	30,252	-	34,670
Capital Outlay	618	2,680	-	53,931	57,229
	<u>313,892</u>	<u>243,097</u>	<u>114,120</u>	<u>53,931</u>	<u>725,040</u>
Total Cash Disbursements					
	<u>313,892</u>	<u>243,097</u>	<u>114,120</u>	<u>53,931</u>	<u>725,040</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(93,572)</u>	<u>102,343</u>	<u>(75,603)</u>	<u>59,354</u>	<u>(7,478)</u>
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	71,611	-	-	-	71,611
Advances-In	-	11,271	-	25,009	36,280
Advances-Out	-	(11,271)	-	(84,363)	(95,634)
Transfers-In	27,757	149,416	75,603	-	252,776
Transfers-Out	-	(226,000)	-	-	(226,000)
	<u>99,368</u>	<u>(76,584)</u>	<u>75,603</u>	<u>(59,354)</u>	<u>39,033</u>
Total Other Financing Receipts/(Disbursements)					
	<u>99,368</u>	<u>(76,584)</u>	<u>75,603</u>	<u>(59,354)</u>	<u>39,033</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,796	25,759	-	-	31,555
Fund Cash Balances, January 1	<u>56,731</u>	<u>32,235</u>	<u>115,064</u>	<u>-</u>	<u>204,030</u>
Fund Cash Balances, December 31	<u>\$ 62,527</u>	<u>\$ 57,994</u>	<u>\$ 115,064</u>	<u>\$ -</u>	<u>\$ 235,585</u>
Reserve for Encumbrances, December 31	<u>\$ 920</u>	<u>\$ 711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,631</u>

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

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 741,983	\$ -	\$ 741,983
Total Operating Revenues	<u>741,983</u>	<u>-</u>	<u>741,983</u>
Operating Cash Disbursements:			
Personal Services	135,963	-	135,963
Fringe Benefits	79,503	-	79,503
Contractual Services	124,818	-	124,818
Supplies and Materials	202,922	-	202,922
Other	1,274	-	1,274
Total Operating Cash Disbursements	<u>544,480</u>	<u>-</u>	<u>544,480</u>
Operating Income (Loss)	<u>197,503</u>	<u>-</u>	<u>197,503</u>
Non-Operating Cash Receipts/(Disbursements):			
Debt Proceeds	4,003	-	4,003
Intergovernmental	16,750	-	16,750
Capital Outlay	(78,309)	-	(78,309)
Miscellaneous Receipts	18,948	-	18,948
Other Non-Operating Cash Receipts	-	3,091	3,091
Other Non-Operating Cash Disbursements	-	(3,091)	(3,091)
Redemption of Principal	(92,951)	-	(92,951)
Interest and Fiscal Charges	(12,332)	-	(12,332)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(143,891)</u>	<u>-</u>	<u>(143,891)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers/Advances	53,612	-	53,612
Advances-In	95,634	-	95,634
Advances-Out	(36,280)	-	(36,280)
Transfers-In	16,412	-	16,412
Transfers-Out	<u>(43,188)</u>	<u>-</u>	<u>(43,188)</u>
Net Receipts Over/(Under) Cash Disbursements	86,190	-	86,190
Fund Cash Balances, January 1	<u>670,196</u>	<u>-</u>	<u>670,196</u>
Fund Cash Balances, December 31	<u>\$ 756,386</u>	<u>\$ -</u>	<u>\$ 756,386</u>
Reserve for Encumbrances, December 31	<u>\$ 557</u>	<u>\$ -</u>	<u>\$ 557</u>

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

**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, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$ 72,311	\$ -	\$ 43,451	\$ -	\$ 115,762
Municipal Income Tax	3,837	245,894	-	-	249,731
Intergovernmental	109,635	54,633	-	188,106	352,374
Special Assessments	-	18,264	-	-	18,264
Charges for Services	-	17,230	-	-	17,230
Fines, Licenses, and Permits	9,839	-	-	-	9,839
Earnings on Investments	59,697	-	-	-	59,697
Miscellaneous	25,266	-	-	-	25,266
	<u>280,585</u>	<u>336,021</u>	<u>43,451</u>	<u>188,106</u>	<u>848,163</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	183,209	16,859	-	-	200,068
Public Health Services	-	10,924	-	-	10,924
Transportation	-	149,490	-	-	149,490
General Government	75,207	20,554	866	-	96,627
Debt Service:					
Redemption of Principal	-	15,853	155,033	-	170,886
Interest and Fiscal Charges	-	5,077	41,855	-	46,932
Capital Outlay	2,130	-	-	268,845	270,975
	<u>260,546</u>	<u>218,757</u>	<u>197,754</u>	<u>268,845</u>	<u>945,902</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Disbursements	<u>20,039</u>	<u>117,264</u>	<u>(154,303)</u>	<u>(80,739)</u>	<u>(97,739)</u>
Other Financing Receipts and (Disbursements):					
Advances-In	-	20,000	33,122	259,690	312,812
Advances-Out	-	(20,000)	(33,122)	(200,336)	(253,458)
Transfers-In	49,958	116,063	145,646	21,385	333,052
Transfers-Out	(28,085)	(222,498)	-	-	(250,583)
	<u>21,873</u>	<u>(106,435)</u>	<u>145,646</u>	<u>80,739</u>	<u>141,823</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	41,912	10,829	(8,657)	-	44,084
Fund Cash Balances, January 1 (Restated-See Note 2)	14,819	21,406	123,721	-	159,946
Fund Cash Balances, December 31	<u><u>\$ 56,731</u></u>	<u><u>\$ 32,235</u></u>	<u><u>\$ 115,064</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 204,030</u></u>

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

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 746,124	\$ -	\$ 746,124
Total Operating Revenues	<u>746,124</u>	<u>-</u>	<u>746,124</u>
Operating Cash Disbursements:			
Personal Services	214,396	-	214,396
Fringe Benefits	34,757	-	34,757
Contractual Services	205,575	-	205,575
Supplies and Materials	119,947	-	119,947
Total Operating Cash Disbursements	<u>574,675</u>	<u>-</u>	<u>574,675</u>
Operating Income (Loss)	<u>171,449</u>	<u>-</u>	<u>171,449</u>
Non-Operating Cash Receipts/(Disbursements):			
Debt Proceeds	88,057	-	88,057
Intergovernmental	11,150	-	11,150
Miscellaneous Receipts	24,055	-	24,055
Other Non-Operating Cash Receipts	-	4,170	4,170
Other Non-Operating Cash Disbursements	-	(4,170)	(4,170)
Capital Outlay	(107,010)	-	(107,010)
Redemption of Principal	(84,672)	-	(84,672)
Interest and Fiscal Charges	(16,053)	-	(16,053)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(84,473)</u>	<u>-</u>	<u>(84,473)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers/Advances	86,976	-	86,976
Advances-In	253,458	-	253,458
Advances-Out	(312,812)	-	(312,812)
Transfers-Out	(82,469)	-	(82,469)
Net Receipts Over/(Under) Cash Disbursements	(54,847)	-	(54,847)
Fund Cash Balances, January 1 (Restated-See Note 2)	<u>725,043</u>	<u>-</u>	<u>725,043</u>
Fund Cash Balances, December 31	<u>\$ 670,196</u>	<u>\$ -</u>	<u>\$ 670,196</u>

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

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Dresden, Muskingum County, Ohio (the Village) is a body corporate and politic 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 water and sewer utilities, pool and park operations, police and fire protection, and emergency medical 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

The Village maintains cash in an interest-bearing checking account. Also, the Village had certificates of deposit and a United States Treasury bond.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. 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.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

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

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Income Tax Fund – This fund receives municipal income tax funds to cover the costs of refunds, supplies and materials, and personal services and to transfer proceeds to other funds as directed by the Village Council.

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Funds:

Fire Bond Fund – This fund receives property tax levy proceeds to pay debt associated with a fire truck.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through Enterprise Funds). The Village had the following significant Capital Projects Fund:

Other Capital Projects Fund – This fund accounts for grant monies used for the construction of a boat ramp.

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

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

Swimming Pool Fund – This fund receives charges for services from pool operations.

Sewer Construction Fund – This fund receives charges for services from residents to cover the cost of repaying debt related to the Village's sewer system.

Fire and Squad Fund – This fund receives user charges to provide fire and ambulance services to the residents and others in the surrounding area.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as Agency Funds. The Village had the following significant Fiduciary Fund:

Mayor's Court Fund – This Agency Fund receives fines and forfeitures from police department citations. These monies are divided between the Village and the State, as prescribed by law.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and 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 in the subsequent year. The Village did not properly encumber all commitments required by Ohio law.

A summary of 2008 and 2007 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. PRIOR PERIOD FUND BALANCE ADJUSTMENTS

The Village posted adjustments in 2007 to account for auditor adjustments from prior audit periods in several funds.

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Enterprise</u>
Bal. as of December 31, 2006	\$ 25,484	\$ 19,205	\$ 8,524	\$ 62	\$ 3,139	\$ 836,625
Auditor Adjustments	(10,665)	2,201	\$ 115,197	(62)	(3,139)	(111,582)
Adjusted Fund Balance	<u>\$ 14,819</u>	<u>\$ 21,406</u>	<u>\$ 123,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 725,043</u>

These adjustments were made to move several funds to their proper fund types, eliminate the Permanent Fund, and account for voided checks. The Cemetery Trust Fund was improperly classified as Permanent Fund Type in the prior audit period, and all activity is now accounted for in the Cemetery Fund, Special Revenue Fund Type.

3. EQUITY IN POOLED CASH

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 767,918	\$ 653,922
Investments	224,053	220,304
Total	<u>\$ 991,971</u>	<u>\$ 874,226</u>

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool. United States Treasury bonds are held in book-entry form by the Federal Reserve in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

<u>2008 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 286,184	\$ 319,688	\$ 33,504
Special Revenue	470,879	494,856	23,977
Debt Service	103,435	114,120	10,685
Capital Projects	197,648	113,285	(84,363)
Enterprise	984,550	798,096	(186,454)
Total	<u>\$ 2,042,696</u>	<u>\$ 1,840,045</u>	<u>\$ (202,651)</u>

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 355,500	\$ 314,812	\$ 40,688
Special Revenue	464,859	469,808	(4,949)
Debt Service	113,529	114,120	(591)
Capital Projects	138,294	53,931	84,363
Enterprise	778,027	771,817	6,210
Total	<u>\$ 1,850,209</u>	<u>\$ 1,724,488</u>	<u>\$ 125,721</u>

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 342,086	\$ 330,543	\$ (11,543)
Special Revenue	533,731	452,084	(81,647)
Debt Service	183,424	189,097	5,673
Capital Projects	469,181	209,491	(259,690)
Enterprise	1,102,027	869,386	(232,641)
Total	<u>\$ 2,630,449</u>	<u>\$ 2,050,601</u>	<u>\$ (579,848)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 339,444	\$ 288,631	\$ 50,813
Special Revenue	468,438	441,255	27,183
Debt Service	197,887	197,754	133
Capital Projects	488,015	268,845	219,170
Enterprise	1,094,842	864,879	229,963
Total	<u>\$ 2,588,626</u>	<u>\$ 2,061,364</u>	<u>\$ 527,262</u>

Contrary to Ohio Revised Code Section 5705.36(A)(4), actual receipts were below estimated receipts and the deficiency reduced available resources below the current appropriations in the General and Other Capital Projects Funds in 2008 and the General, Street Construction, Maintenance, and Repair, Fire Bond, and Other Capital Projects Funds in 2007.

Contrary to Ohio Revised Code Section 5705.39, total appropriations exceeded total estimated resources during the year for the General and Fire Bond Funds in 2008 and the Street Construction, Maintenance, and Repair, Fire Bond, and Other Capital Projects Funds in 2007.

Contrary to Ohio Rev. Code Section 5705.41(B), actual disbursements exceeded appropriations in the Street Construction, Maintenance, and Repair, State Highway, Street Lighting, Fire Station Bond, Water Operating, Swimming Pool, Water Sinking Capital Improvement, Fire and Squad, and Fire Sinking Funds in 2008 and the Water Capital Improvement and Fire and Squad Funds in 2007.

Contrary to Ohio Rev. Code Section 5705.41(D)(1), the Village did not properly certify the availability of funds prior to purchase commitment for 81% and 58% of the expenditures tested during 2008 and 2007, respectively.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest</u>
OWDA - 2235 Sewer Plant Construction	\$ 97,331	5.00%
OWDA - 3561 Water Treatment Plant Improvements	57,671	3.30%
OWDA - 4719 Trinway Water Line Design	87,501	4.67%
GO Bonds - Fire Station (USDA)	381,800	4.75%
GO Bonds - Fire Station	12,200	4.00%
OPWC - CR25C Water Storage Tank Replacement	96,638	2.00%
OPWC - CR15E Water Treatment Renovation	11,642	2.00%
Fire Equipment Bond	16,969	5.50%
Street Improvement Bond	26,874	5.36%
Dump Truck Leases	51,692	4.36%
	<u>\$ 840,318</u>	

The Ohio Water Development Authority (OWDA) Loan #2235 relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency in 1990. The total amount disbursed to the Village was \$885,370, and the loan will be repaid over twenty years. The OWDA Loan #3561 relates to water treatment plant improvements in 2001. The total amount disbursed to the Village was \$187,766, and the loan will be repaid over ten years. The OWDA Loan #4719 was issued in 2007 and relates to the Trinway water line design project. In 2007, \$88,057 in debt proceeds from disbursements and capitalized interest was accumulated on this loan. In 2008, \$4,003 in debt proceeds from capitalized interest was accumulated on this loan. All financed funds were not disbursed and capitalized interest not accrued at the conclusion of the audit period, and an amortization schedule has not been established for this loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

During 1998, through an agreement with the United States Department of Agriculture, the Village issued two bonds for the construction of a fire station. A local financial institution purchased a \$300,000 bond issue and a \$621,800 bond issue is held by the United States Department of Agriculture. 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.

The Ohio Public Works (OPWC) Loan #CR008 related to a Phase II remodeling project for Sixth Street in 1998. The total amount disbursed to the Village was \$25,000, and the loan was retired during the audit period. The OPWC Loan #CR25C relates to the financing of a water storage tank in 1999. The total amount disbursed to the Village was \$155,118, and the loan will be repaid with the proceeds of water revenues in semiannual installments of \$4,724, including interest, over 20 years. The OPWC Loan #CR15E relates to a water treatment plant renovation project in 2003. The total amount disbursed to the Village was \$15,250, and the loan will be repaid with the proceeds of water revenues in semiannual installments of \$464, including interest, over 20 years.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. DEBT (Continued)

The Village issued bonds during 2000 in the amount of \$350,000 for the purchase of a new fire truck and related equipment. The debt is backed by the full faith and credit of the Village, and revenues used to retire this debt are derived from a voted property tax levy. The interest payment is due semiannually, and the principal payment is due annually.

The Village issued a Street Improvement Bond in 2006 in the amount of \$35,767 from Huntington National Bank. The debt will be repaid over seven years with annual installments of \$6,298, including interest.

The Village entered into a lease agreement in 2000 with Municipal Services Group, Inc. for the lease of dump trucks with an interest rate of 5.85%. The lease agreement was refinanced in 2004 with an interest rate of 4.36%.

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

Year ending December 31:	OWDA #2235 Sewer Plant	OWDA #3561 Water Plant	USDA Fire Station	GO Bond Fire Station	Fire Bond Equipment
2009	\$ 68,150	\$ 22,198	\$ 48,836	\$ 12,688	\$ 17,902
2010	34,074	22,198	48,877	-	-
2011	-	19,936	48,848	-	-
2012	-	-	48,847	-	-
2013	-	-	48,870	-	-
2014-2018	-	-	244,174	-	-
Total	<u>\$ 102,224</u>	<u>\$ 64,332</u>	<u>\$ 488,452</u>	<u>\$ 12,688</u>	<u>\$ 17,902</u>

Year ending December 31:	OPWC #CR25C	OPWC #CR15E	Dump Truck Leases	Street Improvement
2009	\$ 4,724	\$ 464	\$ 15,024	\$ 6,298
2010	9,449	929	15,024	6,298
2011	9,449	929	15,024	6,298
2012	9,449	929	12,196	6,298
2013	9,448	929	-	9,144
2014-2018	47,242	4,642	-	-
2019-2023	18,896	4,645	-	-
Total	<u>\$ 108,657</u>	<u>\$ 13,467</u>	<u>\$ 57,268</u>	<u>\$ 34,336</u>

An amortization schedule for OWDA Loan #4719 has not been presented, as all funds have not yet been disbursed as of the end of the audit period.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. LOCAL INCOME TAXES

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village. The levied tax is used for general operations, maintenance of equipment, debt retirement, parks and recreation, and capital improvements.

Employers within the Village withhold income tax on employee compensation and remit tax to the Village. Taxpayers over the age of 18 are required to file an annual return. The Village maintains a separate Income Tax Fund, and income tax receipts are credited to this fund on the Village's ledgers. Income Tax Fund activity has been reflected as a Special Revenue Fund on the accompanying financial statements.

7. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 semiannual payment, 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 by each April 30.

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

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multi-employer plans. This plan provides retirement benefits, including post retirement 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 2008 and 2007, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. Members of OPERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Village contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

9. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007, the latest information available:

(Dollars in thousands)	<u>2008</u>	<u>2007</u>
Assets	\$ 10,471	\$ 11,136
Liabilities	<u>(5,287)</u>	<u>(4,273)</u>
Members' Equity	<u>\$ 5,184</u>	<u>\$ 6,863</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org

10. INTERFUND TRANSFERS

During 2008, the following interfund transfers were made:

	Transfers In	Transfers Out
General Fund	\$ 27,757	\$ -
Street Construction, Maintenance, & Repair	147,887	-
State Grants	1,529	-
Income Tax	-	(226,000)
Fire Bonds	11,012	-
Fire Station Bond	64,591	-
Fire Sinking	-	(12,000)
Ambulance Sinking Fund	4,412	-
Fire and Squad	12,000	(31,188)
Total	<u>\$ 269,188</u>	<u>\$ (269,188)</u>

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

10. INTERFUND TRANSFERS (Continued)

During 2007, the following interfund transfers were made:

	Transfers In	Transfers Out
General Fund	\$ 49,958	\$ (28,085)
Street Construction, Maintenance, & Repair	113,005	-
State Grants	3,058	-
Income Tax	-	(222,498)
Fire Bonds	38,796	-
Fire Station Bond	106,850	-
Other Capital Projects	21,385	-
Fire and Squad	-	(82,469)
Total	<u>\$ 333,052</u>	<u>\$ (333,052)</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In both 2008 and 2007, the Village transferred funds from the Income Tax Fund to various funds per Ordinance 86-04. The Village ordinance is not specific relating to amounts and/or percentages of income tax to be transferred. In 2007, the Village transferred funds from the Fire and Squad Fund to the Fire Station Bond Fund to utilize the revenues received from providing fire and EMS services for debt service payments. In 2008, the Village transferred funds from the Fire and Squad Fund to the Fire Station Bond, Ambulance Sinking, and Fire Bond Funds to utilize the revenues received from providing fire and EMS services for debt service payments. In 2008, the Village transferred funds from the Fire Sinking Fund to the Fire and Squad Fund to return funds transferred in an earlier period that were no longer needed in the Fire Sinking Fund for debt service payments.

Contrary to Ohio Revised Code Section 5705.14, 5705.15, and 5705.16, the Village made transfers in 2008 and 2007 without the specific approval of the Village Council. Transfers must be specifically approved by a formal resolution of the taxing authority of the subdivision.

Perry & Associates
Certified Public Accountants, A.C.

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

October 16, 2009

Village of Dresden
Muskingum County
904 Chestnut Street
Dresden, OH 43821

To the Village Council:

We have audited the financial statements of the **Village of Dresden, Muskingum County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 16, 2009, wherein we noted the Village followed 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the 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 considered 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 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 its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-009.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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 material weaknesses. We believe the following significant deficiencies described above are material weaknesses: 2008-008 and 2008-009.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated October 16, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as items 2008-001 through 2008-006.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 16, 2009.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF DRESDEN
MUSKINGUM COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 135.21 states in part that all investment earnings, except as otherwise expressly provided by law, shall be credited to the General Fund of the Village.

Article XII, Section 5a of the Ohio Constitution and 1982 Ohio Attorney General Opinion 82-031 require that interest earned on money derived from a motor vehicle of fuel tax must follow the principal. The Village did not credit interest earned to the Street Construction, Maintenance, and Repair, State Highway, and Cemetery Funds as required by these sections. All interest was posted to the General Fund in 2007 and 2008. Adjustments for interest belonging to the Street Construction, Maintenance, and Repair, State Highway, and Cemetery Funds were not made because the amounts were deemed immaterial.

We recommend the Village refer to the Village Handbook and the Ohio Revised Code sections referenced above before allocating interest to funds.

Management's Response – This issue has been addressed in 2009 by the Fiscal Officer.

FINDING NUMBER 2008-002

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 5705.14, 5705.15, and 5705.16 state that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the General Fund to any fund of the subdivision by resolution of the taxing authority, or from one fund to another as is specifically authorized in the Ohio Revised Code Section 5705.14. The Village made numerous transfers in both 2008 and 2007 without the specific approval of the Village Council.

Transfers must be specifically approved by a formal resolution of the taxing authority of the subdivision. The resolution must include:

- A specific statement that the transaction is either a transfer or an advance of cash
- The specific funds providing and receiving and the amount of the transfer

We recommend the Village refer to the Ohio Revised Code sections referenced above prior to making transfers.

Management's Response – This issue has been addressed in 2009 by the Fiscal Officer.

**VILLAGE OF DRESDEN
MUKSINGUM COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-003

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 5705.36(A)(4) requires that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify an amended certificate reflecting the deficiency.

As of December 31, 2007, actual receipts were below estimated receipts, and the deficiency reduced available resources below the current appropriations in the General, Street Construction, Maintenance, and Repair, Fire Bond, and Other Capital Projects Funds. As of December 31, 2008, actual receipts were below estimated receipts, and the deficiency reduced available resources below the current appropriations in the General and Other Capital Projects Funds.

We recommend that the Village periodically review and compare estimated and actual receipts and make necessary amendments thereto, to reduce the risk of appropriations exceeding available resources and the potential for negative fund balances.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-004

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

Total appropriations exceeded total estimated resources during the year for the General and Fire Bond Funds in 2008 and the General, Street Construction, Maintenance, and Repair, Fire Bond, and Other Capital Projects Funds in 2007.

The Village should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

Management's Response – This issue has been addressed in 2009 by the Fiscal Officer.

FINDING NUMBER 2008-005

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

**VILLAGE OF DRESDEN
MUKSINGUM COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-005 (Continued)

Ohio Revised Code Section 5705.41(B) (Continued)

Actual disbursements exceeded appropriations in the Street Construction, Maintenance, and Repair, State Highway, Street Lighting, Fire Station Bond, Water Operating, Swimming Pool, Water Sinking Capital Improvement, Fire and Squad, and Fire Sinking Funds in 2008 and the Water Sinking Capital Improvement and Fire and Squad Funds in 2007.

We recommend the Village Fiscal Officer modify appropriations with the Village Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Village Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-006

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – The Fiscal Officer may prepare "blanket" certificates 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 particular line item appropriation.

**VILLAGE OF DRESDEN
MUKSINGUM COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-006 (Continued)

Ohio Revised Code Section 5705.41(D)(1) (Continued)

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

81% of the transactions tested in 2008 and 58% of the transactions tested in 2007 were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are, or will be, available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

Management’s Response – This issue has been addressed in 2009 by the Fiscal Officer.

FINDING NUMBER 2008-007

Significant Deficiency

Posting Estimated Revenues and Appropriations

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in varying amounts posted to the accounting system and information available to the Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 4 to the financial statements in order to accurately present estimated receipts and appropriations as certified by the County Budget Commission.

We recommend the Village implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management’s Response – We did not receive a response from officials to this finding.

**VILLAGE OF DRESDEN
MUKSINGUM COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-008

Significant Deficiency/Material Weakness

Fund Classification

During 2008 and 2007, the Village misclassified several funds:

- Income Tax Fund classified as an Agency Fund instead of a Special Revenue Fund in 2007
- Mayor’s Court activity reflected in the General Fund instead of an Agency Fund in 2008 and 2007
- Fire and Squad Fund classified as a Special Revenue Fund instead of an Enterprise Fund in 2007
- Ambulance Sinking, Fire Sinking, Water Sinking, and Sewer Construction Funds classified as Debt Service Funds instead of Enterprise Funds in 2007
- Police Cruiser Fund classified as a Capital Projects Fund instead of an Enterprise Fund in 2008 and 2007

Proper funds were established during the audit period, but not all fund activity was reflected in the proper fund type. This required several reclassifications. The financial statements reflect all reclassifications.

We recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of funds and classifications.

Management’s Response – This issue was been addressed by the end of the audit period by the Fiscal Officer.

FINDING NUMBER 2008-009

Significant Deficiency/Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2008 and 2007, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Rental property receipts posted as Earnings on Investments instead of Miscellaneous Receipts
- Donation receipts posted as Charges for Services instead of Miscellaneous Receipts
- Property tax and special assessment revenue recorded at net instead of gross
- Homestead and rollback receipts posted as Property and Other Local Taxes instead of Intergovernmental
- Grant reimbursement receipts posted as Miscellaneous instead of Intergovernmental
- Loan proceeds from a Ohio Water Development Authority (OWDA) not recorded

Not posting revenues and disbursements accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

We recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management’s Response – We did not receive a response from officials to this finding.

**VILLAGE OF DRESDEN
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC Section 135.21 – Improper allocation of interest	No	Not Corrected; Repeated as Finding 2008-001
2006-002	ORC Section 149.351(A) – Destruction of records	Yes	
2006-003	ORC Section 5705.14, 5705.15, and 5705.16 – Improper transfers	No	Not Corrected; Repeated as Finding 2008-002
2006-004	ORC Section 5705.36(A)(2) – Failure to obtain an amended certificate	No	Not Corrected; Repeated as Finding 2008-003
2006-005	ORC Section 5705.38 – Appropriations measure not passed prior to April 1st	Yes	
2006-006	ORC Section 5705.39 – Appropriations exceeded total estimated revenue	No	Not Corrected; Repeated as Finding 2008-004
2006-007	ORC Section 5705.41(B) – Actual disbursements exceeded appropriations	No	Not Corrected; Repeated as Finding 2008-005
2006-008	ORC Section 5705.41(D)(1) – Expenditures not properly encumbered	No	Not Corrected; Repeated as Finding 2008-006
2006-009	Posting Estimated Revenues and Appropriations	No	Not Corrected; Repeated as Finding 2008-007
2006-010	Fund Classification	No	Partially Corrected; Proper funds established, but do not include all fund activity. Repeated as Finding 2008-008
2006-011	Posting Receipts and Expenditures	No	Not Corrected; Repeated as Finding 2008-009
2006-012	Late Payments	Yes	



Mary Taylor, CPA
Auditor of State

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 8, 2009**