

**VILLAGE OF DALTON  
WAYNE COUNTY**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Mary Taylor, CPA

Auditor of State

Members of Council  
Village of Dalton  
1 West Main Street  
Dalton, Ohio 44618

We have reviewed the *Independent Accountants' Report* of the Village of Dalton, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 Dalton 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

April 15, 2010

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**VILLAGE OF DALTON**  
**WAYNE COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2009 and 2008**

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## **INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Dalton (Village), Wayne County, Ohio as and for the years ended December 31, 2009 and 2008. 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 that 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2009 and 2008. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP 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 GAAP to measure its 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 years ended December 31, 2009 and 2008, 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, 2009 and 2008, or its 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 reserves for encumbrances of the Village of Dalton, Wayne County as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. 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 February 12, 2010, 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, 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 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.

***Charles E. Harris & Associates, Inc.***  
February 12, 2010



VILLAGE OF DALTON  
WAYNE COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$ 106,190	-	-	\$ 17,990	-	\$ 124,180
Municipal Income Tax	420,622	-	-	-	-	420,622
Intergovernmental Receipts	107,103	\$ 149,829	-	130,044	-	386,976
Charges for Services	1,045	20,585	-	-	-	21,630
Fines, Licenses and Permits	45,875	-	-	-	-	45,875
Earnings on Investments	3,240	1,345	-	-	\$ 669	5,254
Miscellaneous	3,640	-	-	-	-	3,640
<b>Total Cash Receipts</b>	<b>687,715</b>	<b>171,759</b>	<b>-</b>	<b>148,034</b>	<b>669</b>	<b>1,008,177</b>
<b>Cash Disbursements:</b>						
Security of Persons and Property	326,484	400	-	-	-	326,884
Public Health Services	8,778	13,211	-	-	-	21,989
Leisure Time Activities	9,308	-	-	-	-	9,308
Basic Utility Services	3,585	-	-	-	-	3,585
Transportation	92,794	118,035	-	-	-	210,829
General Government	93,014	-	-	-	669	93,683
Capital Outlay	933	-	-	237,048	-	237,981
<b>Debt Service</b>						
Principal Payments	-	-	\$ 20,900	12,500	-	33,400
Interest Payments	-	-	14,352	-	-	14,352
<b>Total Cash Disbursements</b>	<b>534,896</b>	<b>131,646</b>	<b>35,252</b>	<b>249,548</b>	<b>669</b>	<b>952,011</b>
<b>Total Receipts Over(Under) Disbursements</b>	<b>152,819</b>	<b>40,113</b>	<b>(35,252)</b>	<b>(101,514)</b>	<b>-</b>	<b>56,166</b>
<b>Other Financing Sources/(Uses)</b>						
Transfers In	-	-	31,521	126,187	-	157,708
Transfers Out	(157,708)	-	-	-	-	(157,708)
Other Financing Sources	-	-	-	17,741	-	17,741
Other Financing Uses	(13,208)	-	-	(17,990)	-	(31,198)
<b>Total Other Financing Sources/(Uses)</b>	<b>(170,916)</b>	<b>-</b>	<b>31,521</b>	<b>125,938</b>	<b>-</b>	<b>(13,457)</b>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<b>(18,097)</b>	<b>40,113</b>	<b>(3,731)</b>	<b>24,424</b>	<b>-</b>	<b>42,709</b>
<b>Fund Balance January 1, 2009</b>	<b>181,907</b>	<b>43,770</b>	<b>3,731</b>	<b>172,083</b>	<b>63,881</b>	<b>465,372</b>
<b>Fund Balance December 31, 2009</b>	<b>\$ 163,810</b>	<b>\$ 83,883</b>	<b>\$ -</b>	<b>\$ 196,507</b>	<b>\$ 63,881</b>	<b>\$ 508,081</b>
<b>Reserve for Encumbrances, December 31, 2009</b>	<b>\$ 5,916</b>	<b>\$ 1,800</b>	<b>\$ -</b>	<b>\$ 6,500</b>	<b>\$ -</b>	<b>\$ 14,216</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF DALTON  
WAYNE COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND BALANCES -  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 578,917
Fees, Licenses and Permits	10,200
Miscellaneous	15,689
<b>Total Operating Cash Receipts</b>	<b>604,806</b>
<b>Operating Cash Disbursements:</b>	
Personal Services	134,129
Transportation	8,064
Contractual Services	108,609
Supplies and Materials	46,960
Capital Outlay	27,660
<b>Total Operating Cash Disbursements</b>	<b>325,422</b>
<b>Operating Income (Loss)</b>	<b>279,384</b>
<b>Non-Operating Cash Receipts/(Disbursements)</b>	
Special Assessment	10,468
Debt Service	
Principal	(175,857)
Interest	(41,602)
<b>Total Non-operating Cash Receipts (Disbursements)</b>	<b>(206,991)</b>
<b>Net Receipts (Under) Disbursements</b>	<b>72,393</b>
<b>Fund Cash Balances, January 1, 2009</b>	<b>796,437</b>
<b>Fund Cash Balances, December 31, 2009</b>	<b>\$ 868,830</b>
<b>Reserves for Encumbrances, December 31, 2009</b>	<b>\$ 30,581</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF DALTON  
WAYNE 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

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$ 113,251	-	-	-	-	\$ 113,251
Municipal Income Tax	399,064	-	-	-	-	399,064
Intergovernmental Receipts	147,387	\$ 107,103	-	-	-	254,490
Charges for Services	903	13,382	-	-	-	14,285
Fines, Licenses and Permits	48,058	-	-	-	-	48,058
Earnings on Investments	5,571	1,168	-	-	\$ 1,793	8,532
Miscellaneous	2,530	-	-	\$ 24	-	2,554
<b>Total Cash Receipts</b>	<u>716,764</u>	<u>121,653</u>	<u>-</u>	<u>24</u>	<u>1,793</u>	<u>840,234</u>
<b>Cash Disbursements:</b>						
Security of Persons and Property	301,699	1,000	-	-	-	302,699
Public Health Services	8,453	13,152	-	-	-	21,605
Leisure Time Activities	10,239	-	-	-	-	10,239
Basic Utility Services	2,962	-	-	-	-	2,962
Transportation	58,877	147,500	-	-	-	206,377
General Government	111,679	-	-	-	-	111,679
Capital Outlay	5,030	-	-	219,635	-	224,665
<b>Debt Service</b>						
Principal Payments	-	-	\$ 44,700	12,500	-	57,200
Interest Payments	-	-	19,094	-	-	19,094
<b>Total Cash Disbursements</b>	<u>498,939</u>	<u>161,652</u>	<u>63,794</u>	<u>232,135</u>	<u>-</u>	<u>956,520</u>
<b>Total Receipts Over(Under) Disbursements</b>	217,825	(39,999)	(63,794)	(232,111)	1,793	(116,286)
<b>Other Financing Sources/(Uses)</b>						
Transfers In	-	20,000	67,000	119,719	-	206,719
Transfers Out	(206,719)	-	-	-	-	(206,719)
Other Financing Uses	(13,866)	-	-	-	-	(13,866)
<b>Total Other Financing Sources/(Uses)</b>	<u>(220,585)</u>	<u>20,000</u>	<u>67,000</u>	<u>119,719</u>	<u>-</u>	<u>(13,866)</u>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	(2,760)	(19,999)	3,206	(112,392)	1,793	(130,152)
<b>Fund Balance January 1, 2008</b>	<u>184,667</u>	<u>63,769</u>	<u>525</u>	<u>284,475</u>	<u>62,088</u>	<u>595,524</u>
<b>Fund Balance December 31, 2008</b>	<u>\$ 181,907</u>	<u>\$ 43,770</u>	<u>\$ 3,731</u>	<u>\$ 172,083</u>	<u>\$ 63,881</u>	<u>\$ 465,372</u>
<b>Reserve for Encumbrances, December 31, 2008</b>	<u>\$ 3,871</u>	<u>\$ 2,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,735</u>

See accompanying Notes to the Financial Statements.

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Total</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 525,475	-	\$ 525,475
Fees, Licenses and Permits	61,466	-	61,466
Miscellaneous	11,466	-	11,466
<b>Total Operating Cash Receipts</b>	<u>598,407</u>	<u>-</u>	<u>598,407</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	122,366	-	122,366
Transportation	11,206	-	11,206
Contractual Services	117,179	-	117,179
Supplies and Materials	58,297	-	58,297
Capital Outlay	10,673	-	10,673
<b>Total Operating Cash Disbursements</b>	<u>319,721</u>	<u>-</u>	<u>319,721</u>
<b>Operating Income (Loss)</b>	<b>278,686</b>	<b>-</b>	<b>278,686</b>
<b>Non-Operating Cash Receipts/(Disbursements)</b>			
Debt Service			
Principal	(263,857)	-	(263,857)
Interest	(48,495)	-	(48,495)
Other Financing Sources	-	\$ 744	744
Other Financing Uses	-	(744)	(744)
<b>Total Non-operating Cash Receipts (Disbursements)</b>	<u>(312,352)</u>	<u>-</u>	<u>(312,352)</u>
<b>Net Receipts (Under) Disbursements</b>	<b>(33,666)</b>	<b>-</b>	<b>(33,666)</b>
<b>Fund Cash Balances, January 1, 2008</b>	<u>830,103</u>	<u>-</u>	<u>830,103</u>
<b>Fund Cash Balances, December 31, 2008</b>	<u>\$ 796,437</u>	<u>\$ -</u>	<u>\$ 796,437</u>
<b>Reserves for Encumbrances, December 31, 2008</b>	<u>\$ 5,958</u>	<u>\$ -</u>	<u>\$ 5,958</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF DALTON  
WAYNE COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Dalton, (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 general governmental services including water and sewer utilities, park operations (leisure time activities), and police protection. The Village contracts with Dalton Volunteer Fire Department to provide fire protection 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 by the Auditor of State.

C. INVESTMENTS AND INACTIVE FUNDS

The Village maintains cash in an interest-bearing checking account and certificates of deposit.

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 the sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

VILLAGE OF DALTON  
WAYNE COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

1. General Fund

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

2. Special Revenue Funds

To account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Fund:

*Street Fund* – This fund receives gasoline and motor vehicle tax money for construction, maintenance and repairing of Village streets.

3. Debt Service Funds

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

*General Obligation Bond Fund* – This fund is used to accumulate resources for payment of the Series 2001 Various Purpose bonds.

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 those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

*Capital Improvement Fund* – This fund is used for purchasing capital equipment for the Board of Public Affairs, Street Department and general government.

5. Permanent Fund

This fund is used to account for contributions to the Village whereby it can spend the earnings on its own programs but it has to maintain the corpus of the trust. The Village had the following significant Permanent Fund:

*Cemetery Endowment Fund* - This fund is set up to provide general maintenance to the Village cemetery.

VILLAGE OF DALTON  
WAYNE COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

6. Enterprise Funds

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

*Water Fund*- This fund receives charges for services from residents to cover the cost of providing the utility.

*Sewer Fund*- This fund receives charges for services from residents to cover the cost of providing the utility.

7. Fiduciary 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 Agency Fund*- This fund receives fines and forfeitures for the Mayor's Court to be distributed to the Village and the State of Ohio. However, the Mayor's Court was dissolved in 1999 and the only activity results from prior court fines, which are still in the process of being collected.

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 level of control in 2008 and appropriations may not exceed estimated resources. In 2009, the Village appropriated at the personal services level. 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 balances as of January 1. The County Budget Commission must also approve estimated resources.

VILLAGE OF DALTON  
WAYNE COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS – (continued)

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 2009 and 2008 budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments 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:

	2009	2008
Demand Deposits	\$ 1,321,911	\$ 1,201,809
Certificates of Deposit	55,000	60,000
Total	<u>\$ 1,376,911</u>	<u>\$ 1,261,809</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation; (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.



**VILLAGE OF DALTON  
WAYNE COUNTY, OHIO**

**Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008 is as follows:

<b>2009 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 691,789	\$ 687,715	\$ (4,074)
Special Revenue	192,000	171,759	(20,241)
Debt Service	43,000	31,521	(11,479)
Capital Projects	295,000	291,962	(3,038)
Permanent	3,000	669	(2,331)
Enterprise	695,000	615,274	(79,726)

<b>2009 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 833,824	\$ 711,728	\$ 122,096
Special Revenue	170,406	133,446	36,960
Debt Service	36,731	35,252	1,479
Capital Projects	292,082	274,038	18,044
Permanent	8,000	669	7,331
Enterprise	807,553	573,462	234,091

<b>2008 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 724,294	\$ 716,764	\$ (7,530)
Special Revenue	140,000	141,653	1,653
Debt Service	68,000	67,000	(1,000)
Capital Projects	128,000	119,743	(8,257)
Permanent	3,000	1,793	(1,207)
Enterprise	605,000	598,407	(6,593)

**VILLAGE OF DALTON  
WAYNE COUNTY, OHIO**

**Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**3. BUDGETARY ACTIVITY - (continued)**

<b>2008 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 903,365	\$ 723,395	\$ 179,970
Special Revenue	201,432	164,516	36,916
Debt Service	68,525	63,794	4,731
Capital Projects	391,499	232,135	159,364
Permanent	65,088	-	65,088
Enterprise	1,430,558	638,031	792,527

**4. PROPERTY TAXES**

Real property becomes 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property tax is assessed on the property owners, who must file a list of such property to the County by each April 30. The tangible personal property taxes are being phased out through 2009.

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

**5. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to 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 a cost sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2009, OPERS members contributed 10% of their salaries. Also for both years, the Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

VILLAGE OF DALTON  
WAYNE COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

5. RETIREMENT SYSTEMS – (continued)

For 2008 and 2009, OP&F members contributed 10% of their wages. The Village contributed an amount equal to 19.5%, of police officers' gross salaries during 2008 and 2009. The Village has paid all contributions required through December 31, 2009.

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency or business activities within the Village corporate limits as well as certain income of residents earned outside the Village corporate limits.

Employers within the Village withhold income tax on employee compensation and remit tax to the Village either monthly, quarterly or as required. Corporation and individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Income tax receipts are receipted into the General fund. Starting 2007, the Village passed an ordinance stating that 30% of income tax receipts be transferred to the Capital Improvement Fund.

7. DEBT

Debt outstanding at December 31, 2009, was as follows:

	Principal	Interest Rate
2003 OPWC Loan	\$ 74,902	0.000%
2001 Various Purpose Bonds	238,275	6.625%
1989 Mortgage Revenue Bonds	606,000	5.650%
OWDA Loan #4512	2,489,177	0.000%
2007 OPWC Loan CP14I	68,750	0.000%
Total	<u>\$ 3,477,104</u>	

The 2003 OPWC (Ohio Public Works Commission) loan is a no interest loan that was obtained to improve the Freet Street Sanitary Sewer. The loan will be paid in semi-annual installments over 20 years.

The 2001 Various Purpose Bonds are comprised of three outstanding bonds in the amounts of \$185,000, \$169,000 and \$150,500 to improve Main and Mill Streets, acquisition of a building to house municipal offices. These bonds will be paid in semi-annual installments over 10 years.

The 1989 Mortgage Revenue Bonds were issued to fund improvements to the Municipal Sanitary Sewer System. These bonds will be paid in semi-annual installments over 40 years. The Village is required to adjust rates and charges for the services and facilities of its sanitary sewer in the amounts sufficient to pay these bonds.

**VILLAGE OF DALTON  
WAYNE COUNTY, OHIO**

**Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**7. DEBT – (continued)**

The OWDA Loan #4512 is a no interest loan that was obtained for the planning, design and construction of waste water facilities and water pollution control. The loan will be paid in semi-annual installments over 20 years.

The 2007 OPWC Loan is a no interest loan that was obtained for the Henry Street improvements. The loan will be paid in semi-annual installments over 8 years.

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

Year ending December 31:	2003 OPWC	various Purpose Bonds	mortgage Revenue Bonds	OWDA Loan	2007 OPWC
2010	\$ 5,762	\$ 35,154	\$ 71,741	\$ 151,095	\$ 12,500
2011	5,762	35,195	71,416	151,095	12,500
2012	5,762	35,159	72,025	151,095	12,500
2013	5,762	35,252	71,501	151,095	12,500
2014	5,762	35,254	71,911	151,094	12,500
Subsequent	46,092	128,565	872,343	1,733,703	6,250
<b>Total</b>	<b>\$ 74,902</b>	<b>\$ 304,579</b>	<b>\$1,230,937</b>	<b>\$2,489,177</b>	<b>\$ 68,750</b>

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable, 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 deemed 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 for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, the responsibility of the Plan.

VILLAGE OF DALTON  
WAYNE COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

8. RISK MANAGEMENT – (continued)

Settlement amounts did not exceed insurance coverage for the past three fiscal years. Also, coverages were not reduced from the prior year.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$ 5,184,333</u>	<u>\$ 6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

The Village also provides health insurance coverage to full-time employees through the Wayne County Commissioners' Office.

9. LEGAL COMPLIANCE

Contrary to Ohio Revised Code Section 5705.41 (D), certain expenditures were not certified prior to a commitment or obligation being incurred.

10. FUND TRANSFERS

In 2008, the Village transferred out from the General Fund \$67,000 to the Debt Service: General Obligation Bond Fund for payment of bond principal and interest and \$20,000 to Special Revenue: Street Fund to subsidize operations. The Village also transferred out \$119,719 from the General Fund to the Capital Improvement Fund per Village Ordinance for income taxes.

In 2009, the Village transferred out from the General Fund \$31,521 to the Debt Service: General Obligation Bond Fund for payment of bond principal and interest. The Village also transferred out \$126,187 from the General Fund to the Capital Improvement Fund per Village Ordinance for income taxes.

All applicable Ohio Revised Code compliance requirements were met.

11. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no material pending claims or lawsuits.

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614 W Superior Ave Ste 1242  
Cleveland, OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

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

To the Members of Village Council:

We have audited the financial statements of the Village of Dalton, Wayne County, Ohio (Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated February 12, 2010, wherein we noted the Village followed accounting practices prescribed or permitted by the Auditor of State of Ohio. 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 Controls 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-VDWC-01.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the Village in a separate letter dated February 12, 2010

We intend this report solely for the information and use of management, the audit committee, the Village Council and others within the Village. We intend it for no one other than these specified parties.

*Charles E. Harris & Associates, Inc.*

February 12, 2010

VILLAGE OF DALTON  
WAYNE COUNTY

SCHEDULE OF FINDINGS  
December 31, 2009 and 2008

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

**FINDING NUMBER 2009-VDWC-01 – Non-compliance Citation**

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a 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 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 Certificates"** – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village 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 Certificates** - Fiscal officers may prepare "blanket" certificates for a certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**3. Super Blanket Certificates** – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession 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.



VILLAGE OF DALTON  
WAYNE COUNTY

SCHEDULE OF FINDINGS - CONTINUED  
December 31, 2009 and 2008

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED</p>
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**FINDING NUMBER 2009-VDWC-01 – Non-compliance Citation – (continued)**

The Village did not make the proper certification of funds in all instances. Thirty-six of 60 selections tested had the certifications after the obligation date during the audit period. We recommend that the Village institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a “Then and Now” certificate.

Management Response: Fiscal Officer will attempt to certify funds prior to the purchase.

**VILLAGE OF DALTON  
WAYNE COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2009 and 2008**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2007-VDWC-01	Ohio Revised Code Section 5705.41 (D)- Proper certification of funds prior to disbursement	No	Not Corrected-See Finding 2009-VDWC- 01
2007-VDWC-02	Ohio Admin. Code Section 117-2-02(A)- Proper classification and reporting of transactions	Yes	Finding no longer valid
2007-VDWC-03	Ohio Revised Code Section 5705.36(A)(2)- Amended certificates of estimated resources	No	Partially Corrected. Moved to Management letter



**Mary Taylor, CPA**  
Auditor of State

VILLAGE OF DALTON

WAYNE 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  
MAY 6, 2010