

**VILLAGE OF DALTON  
WAYNE COUNTY  
Regular Audit  
For the Years Ended December 31, 2013 and 2012**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Dalton, Wayne County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Dalton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 20, 2014

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VILLAGE OF DALTON  
WAYNE COUNTY

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## **INDEPENDENT AUDITOR'S REPORT**

August 14, 2014

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the **Village of Dalton**, Wayne County, (the Village) as of and for the years ended December 31, 2013 and 2012.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Dalton, Wayne County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF DALTON  
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$ 109,319	\$ -	\$ -	\$ 55,776	\$ -	\$ 165,095
Municipal Income Tax	456,107	-	-	-	-	456,107
Intergovernmental	64,634	86,767	-	-	-	151,401
Charges for Services	1,764	12,680	-	-	-	14,444
Fines, Licenses and Permits	30,369	-	-	-	-	30,369
Earnings on Investments	514	177	-	-	-	691
Miscellaneous	4,963	4,298	-	-	-	9,261
<i>Total Cash Receipts</i>	<u>667,670</u>	<u>103,922</u>	<u>-</u>	<u>55,776</u>	<u>-</u>	<u>827,368</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	316,589	-	-	-	-	316,589
Public Health Services	8,765	14,048	-	-	-	22,813
Leisure Time Activities	7,224	-	-	-	-	7,224
Basic Utility Services	2,489	-	-	-	-	2,489
Transportation	63,874	88,795	-	-	-	152,669
General Government	88,979	-	-	521	-	89,500
Capital Outlay	1,275	-	-	38,946	-	40,221
Debt Service:						
Principal Retirement	-	-	27,000	18,750	-	45,750
Interest and Fiscal Charges	-	-	3,510	-	-	3,510
<i>Total Cash Disbursements</i>	<u>489,195</u>	<u>102,843</u>	<u>30,510</u>	<u>58,217</u>	<u>-</u>	<u>680,765</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>178,475</u>	<u>1,079</u>	<u>(30,510)</u>	<u>(2,441)</u>	<u>-</u>	<u>146,603</u>
<b>Other Financing Receipts (Disbursements)</b>						
Transfers In	-	-	32,265	52,141	-	84,406
Transfers Out	(84,406)	-	-	-	-	(84,406)
Other Financing Sources	-	-	-	55,255	-	55,255
Other Financing Uses	(15,743)	-	-	(55,255)	-	(70,998)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(100,149)</u>	<u>-</u>	<u>32,265</u>	<u>52,141</u>	<u>-</u>	<u>(15,743)</u>
<i>Net Change in Fund Cash Balances</i>	78,326	1,079	1,755	49,700	-	130,860
<i>Fund Cash Balances, January 1</i>	<u>89,886</u>	<u>79,024</u>	<u>567</u>	<u>467,145</u>	<u>56,522</u>	<u>693,144</u>
<b>Fund Cash Balances, December 31</b>						
Nonspendable	-	-	-	-	56,358	56,358
Restricted	-	80,103	-	-	164	80,267
Committed	-	-	2,322	-	-	2,322
Assigned	23,075	-	-	516,845	-	539,920
Unassigned	145,137	-	-	-	-	145,137
<i>Fund Cash Balances, December 31</i>	<u>\$ 168,212</u>	<u>\$ 80,103</u>	<u>\$ 2,322</u>	<u>\$ 516,845</u>	<u>\$ 56,522</u>	<u>\$ 824,004</u>

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



**VILLAGE OF DALTON  
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 616,618
Fines, Licenses and Permits	21,042
Miscellaneous	4,253
<i>Total Operating Cash Receipts</i>	641,913
<b>Operating Cash Disbursements</b>	
Personal Services	146,903
Contractual Services	125,930
Supplies and Materials	75,041
<i>Total Operating Cash Disbursements</i>	347,874
<i>Operating Income</i>	294,039
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	559
Capital Outlay	(25,273)
Principal Retirement	(247,877)
Interest and Other Fiscal Charges	(21,767)
<i>Total Non-Operating (Disbursements)</i>	(294,358)
<i>Net Change in Fund Cash Balances</i>	(319)
<i>Fund Cash Balances, January 1</i>	625,145
<i>Fund Cash Balances, December 31</i>	\$ 624,826

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

**VILLAGE OF DALTON  
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$ 108,385	\$ -	\$ -	\$ 55,350	\$ -	\$ 163,735
Municipal Income Tax	434,046	-	-	-	-	434,046
Intergovernmental	69,945	89,892	-	257,025	-	416,862
Charges for Services	1,611	12,403	-	-	-	14,014
Fines, Licenses and Permits	25,975	-	-	-	-	25,975
Earnings on Investments	206	84	-	-	125	415
Miscellaneous	840	3,645	-	8,750	-	13,235
<i>Total Cash Receipts</i>	<u>641,008</u>	<u>106,024</u>	<u>-</u>	<u>321,125</u>	<u>125</u>	<u>1,068,282</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	322,773	-	-	-	-	322,773
Public Health Services	8,984	16,978	-	-	-	25,962
Leisure Time Activities	7,504	-	-	-	-	7,504
Basic Utility Services	1,725	-	-	-	-	1,725
Transportation	61,154	99,733	-	-	-	160,887
General Government	102,168	-	-	797	-	102,965
Capital Outlay	-	300	-	304,397	-	304,697
Debt Service:						
Principal Retirement	-	-	207,567	6,250	-	213,817
Interest and Fiscal Charges	-	-	8,297	-	-	8,297
Bond Issue Costs	-	-	5,700	-	-	5,700
<i>Total Cash Disbursements</i>	<u>504,308</u>	<u>117,011</u>	<u>221,564</u>	<u>311,444</u>	<u>-</u>	<u>1,154,327</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>136,700</u>	<u>(10,987)</u>	<u>(221,564)</u>	<u>9,681</u>	<u>125</u>	<u>(86,045)</u>
<b>Other Financing Receipts (Disbursements)</b>						
Sale of Bonds	-	-	171,000	-	-	171,000
Transfers In	-	-	51,131	127,438	-	178,569
Transfers Out	(178,569)	-	-	-	-	(178,569)
Other Financing Sources	-	-	-	55,350	-	55,350
Other Financing Uses	(15,145)	-	-	(55,350)	-	(70,495)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(193,714)</u>	<u>-</u>	<u>222,131</u>	<u>127,438</u>	<u>-</u>	<u>155,855</u>
<i>Net Change in Fund Cash Balances</i>	<u>(57,014)</u>	<u>(10,987)</u>	<u>567</u>	<u>137,119</u>	<u>125</u>	<u>69,810</u>
<i>Fund Cash Balances, January 1</i>	<u>146,900</u>	<u>90,011</u>	<u>-</u>	<u>330,026</u>	<u>56,397</u>	<u>623,334</u>
<b>Fund Cash Balances, December 31</b>						
Nonspendable	-	-	-	-	56,358	56,358
Restricted	-	79,024	-	-	164	79,188
Committed	-	-	567	-	-	567
Assigned	16,187	-	-	467,145	-	483,332
Unassigned	73,699	-	-	-	-	73,699
<i>Fund Cash Balances, December 31</i>	<u>\$ 89,886</u>	<u>\$ 79,024</u>	<u>\$ 567</u>	<u>\$ 467,145</u>	<u>\$ 56,522</u>	<u>\$ 693,144</u>

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

**VILLAGE OF DALTON  
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 609,603
Fines, Licenses and Permits	13,806
	623,409
<i>Total Operating Cash Receipts</i>	<i>623,409</i>
<b>Operating Cash Disbursements</b>	
Personal Services	143,579
Contractual Services	121,563
Supplies and Materials	90,403
	355,545
<i>Total Operating Cash Disbursements</i>	<i>355,545</i>
<i>Operating Income</i>	<i>267,864</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	5,296
Sale of Bonds	461,000
Other Debt Proceeds	177,643
Capital Outlay	(244,300)
Principal Retirement	(778,055)
Interest and Other Fiscal Charges	(61,052)
	(439,468)
<i>Total Non-Operating (Disbursements)</i>	<i>(439,468)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(171,604)</i>
<i>Fund Cash Balances, January 1</i>	<i>796,749</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 625,145</i>

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

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Dalton, Wayne County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, including maintenance of roads, park operations, police services and water and sewer utilities. The Village contracts with Dalton Volunteer Fire Department to receive fire protection services.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

**Public Entity Risk Pool:**

Ohio Government Risk Management Plan, a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan was legally separate from its member governments.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

The Village invests all available funds in checking and savings accounts.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. 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 and Various Purpose Refunding Bonds, Series 2012.

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital 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 Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

**6. Enterprise Funds**

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

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

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**6. Enterprise Funds (Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. 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 DALTON  
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2013</u>	<u>2012</u>
Deposits	<u>\$1,448,830</u>	<u>\$1,318,289</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 668,690	\$ 667,670	\$ (1,020)
Special Revenue	111,350	103,922	(7,428)
Debt Service	45,000	32,265	(12,735)
Capital Projects	166,000	163,172	(2,828)
Enterprise	653,500	642,472	(11,028)
Total	\$ 1,644,540	\$ 1,609,501	\$ (35,039)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 702,144	\$ 612,419	\$ 89,725
Special Revenue	119,985	110,078	9,907
Debt Service	34,000	30,510	3,490
Capital Projects	118,144	113,472	4,672
Enterprise	757,269	678,250	79,019
Total	\$ 1,731,542	\$ 1,544,729	\$ 186,813

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 640,605	\$ 641,008	\$ 403
Special Revenue	114,200	106,024	(8,176)
Debt Service	222,908	222,131	(777)
Capital Projects	505,500	503,913	(1,587)
Permanent	500	125	(375)
Enterprise	1,263,500	1,267,348	3,848
Total	\$ 2,747,213	\$ 2,740,549	\$ (6,664)



**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 781,860	\$ 714,209	\$ 67,651
Special Revenue	135,866	123,409	12,457
Debt Service	223,028	221,564	1,464
Capital Projects	388,526	366,794	21,732
Enterprise	1,585,410	1,464,490	120,920
Total	\$ 3,114,690	\$ 2,890,466	\$ 224,224

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding 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.

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

**5. LOCAL INCOME TAX**

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 as well as certain income of residents earned outside of the Village.

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

**6. DEBT**

Debt outstanding at December 31, 2013 is as follows:

	Principal	Interest Rate
2003 OPWC Loan CP23	\$ 51,854	0%
OWDA Loan #4512	1,912,599	0%
OWDA Loan #5838	258,198	4.72%
2007 OPWC Loan CP141	18,750	0%
Various Purpose Refunding Bonds, Series 2012	462,000	2.5%
	\$2,703,401	

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. DEBT (Continued)**

The 2003 OPWC (Ohio Public Works Commission) CP23 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 Ohio Water Development Authority (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 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. Water and sewer receipts collateralize these loans. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The OWDA loan # 5838 relates to the sewer replacement project. It is a 15 year loan at 4.72% interest, payable in semi-installments until 2027. Water and sewer receipts also collateralize this loan.

The 2007 OPWC Loan CP14I 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. The Village's taxing authority collateralized the loan.

The Various Purpose Refunding Bonds, Series 2012 of \$632,000 is in relation to the refinancing of the 1989 Mortgage Revenue Bonds that were issued to fund improvements to the Municipal Sanitary Sewer System and the 2001 Various Purpose Bonds that were issued to improve Main and Mill Streets and the acquisition of a building to house municipal offices. These bonds will be paid in annual installments until 2018. The Village's taxing authority collateralized the portion related to the 2001 Various Purpose Bond Refunding. The Village has agreed to set utility rates sufficient to cover the debt service requirements for the portion related to the Mortgage Revenue Bond Refunding.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2013 are as follows:

Year ending December 31:	OPWC CP23	OWDA #4512	OWDA #5838	OPWC CP14I	2012 Bonds
2014	\$ 5,762	\$ 147,123	\$ 26,801	\$ 12,500	\$ 118,395
2015	5,762	147,123	26,801	\$ 6,250	117,965
2016	5,762	147,123	26,801	-	117,490
2017	5,762	147,123	26,801	-	117,970
2018	5,762	147,123	26,801	-	17,383
2019-2023	23,044	735,615	134,005	-	-
2024-2028	-	441,369	93,802	-	-
Total	<u>\$51,854</u>	<u>\$1,912,599</u>	<u>\$ 361,809</u>	<u>\$18,750</u>	<u>\$ 489,203</u>

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**8. RISK MANAGEMENT**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF DALTON  
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available).

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

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

**9. CONTINGENT LIABILITIES**

The Village participates in several state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village's financial condition.

**10. RELATED PARTY TRANSACTIONS**

The Village Mayor is a private contractor for the Village cemetery. The Village pays the Mayor \$150 a month for her services.

# *Perry & Associates*

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

August 14, 2014

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Dalton**, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 14, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-01 described in the accompanying schedule of audit findings to be a material weakness.

***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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 14, 2014.

***Entity's Response to Findings***

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.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF DALTON  
WAYNE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-01**

**Material Weakness**

**Posting of Receipts, Disbursements and Fund Balances**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2013 and 2012, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- Debt proceeds were improperly recorded as Intergovernmental
- Miscellaneous receipts were improperly recorded as Intergovernmental
- Various receipt and disbursement transactions related to the bond issuance were improperly recorded
- Debt payments were improperly recorded
- In 2013 and 2012, fund balances were classified as unassigned in the General Fund and nonspendable in the Permanent Fund when they should have been classified as assigned and restricted, respectively.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Administrative Code and/or the Ohio Village Handbook manual for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

**Management's Response** – The fiscal officer agrees and will properly post debt activity and fund balance classifications in the future.

VILLAGE OF DALTON  
WAYNE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Posting Receipts and Disbursements	No	Not Corrected; Repeated as Finding 2013-01





# Dave Yost • 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  
NOVEMBER 6, 2014**