

**VILLAGE OF DEXTER CITY**

**AUDIT REPORT**

**JANUARY 1, 2009 - DECEMBER 31, 2010**

**Wolfe, Wilson, & Phillips, Inc.  
37 South Seventh Street  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Village Council  
Village of Dexter City  
P.O. Box 51  
Dexter City, Ohio 45727

We have reviewed the *Independent Auditors' Report* of the Village of Dexter City, Noble County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 Auditors' 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 Auditors' 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 Dexter City is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

December 9, 2011

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**VILLAGE OF DEXTER CITY  
NOBLE COUNTY  
JANUARY 1, 2009 - DECEMBER 31, 2010**

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**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Dexter City  
Noble County  
P.O. Box 51  
Dexter City, Ohio 45727

We have audited the accompanying financial statements of the Village of Dexter City, Noble County, as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village of Dexter City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present for 2010 and 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. 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 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 this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Dexter City's combined funds as of December 31, 2010 and 2009, or its changes in financial position 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 of the Village of Dexter City, Noble County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements and reserve for encumbrances for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 8, the Village is experiencing financial difficulties. Management's plan in regards to these financial difficulties is described in Note. These statements do not include any adjustments that might result from the outcome of this uncertainty.

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the year ended December 31, 2010 and 2009. 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 a report dated August 2, 2011, on our consideration of the Village of Dexter City's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
August 2, 2011



**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
<b>Cash Receipts:</b>				
Property Taxes	\$ 1,758	\$ -	\$ -	\$ 1,758
Intergovernmental	11,696	13,670	-	25,366
Charges for Services	310	50	-	360
Earnings on Investments	194	193	-	387
<b>Total Cash Receipts</b>	<u>13,958</u>	<u>13,913</u>	-	<u>27,871</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	4,104	-	-	4,104
Public Health Services	-	922	-	922
Leisure Time Activities	1,518	-	-	1,518
Transportation	-	11,160	-	11,160
General Government	9,447	1,629	-	11,076
<b>Total Cash Disbursements</b>	<u>15,069</u>	<u>13,711</u>	-	<u>28,780</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	(1,111)	202	-	(909)
<b>Fund Cash Balances, January 1</b>	<u>(11,005)</u>	<u>36,376</u>	<u>8,299</u>	<u>33,670</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ (12,116)</u>	<u>\$ 36,578</u>	<u>\$ 8,299</u>	<u>\$ 32,761</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>

See notes to financial statements.

**VILLAGE OF DEXTER CITY  
NOBLE 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	Permanent	
<b>Cash Receipts:</b>				
Property Taxes	\$ 1,587	\$ -	\$ -	\$ 1,587
Intergovernmental	11,934	10,898	-	22,832
Charges for Services	300	1,000	-	1,300
Earnings on Investments	36	389	119	544
<b>Total Cash Receipts</b>	<u>13,857</u>	<u>12,287</u>	<u>119</u>	<u>26,263</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	3,304	-	-	3,304
Public Health Services	-	249	769	1,018
Leisure Time Activities	1,786	-	-	1,786
Transportation	-	8,112	-	8,112
General Government	12,618	2,770	-	15,388
<b>Total Cash Disbursements</b>	<u>17,708</u>	<u>11,131</u>	<u>769</u>	<u>29,608</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	(3,851)	1,156	(650)	(3,345)
<b>Fund Cash Balances, January 1, restated</b>	<u>(7,154)</u>	<u>35,220</u>	<u>8,949</u>	<u>37,015</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ (11,005)</u>	<u>\$ 36,376</u>	<u>\$ 8,299</u>	<u>\$ 33,670</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>

See notes to financial statements.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**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 Dexter City, Noble County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including maintenance of streets, park and cemetery and also provides street lighting 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 invests all available funds of the Village in an interest-bearing checking account and certificates of deposit. The Village values certificates of deposit at cost.

**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:

**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.

**Special Revenue Funds**

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

**Street Construction, Maintenance and Repair Fund** – This fund is used to account for gasoline tax monies and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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

**D. Fund Accounting (Continued)**

**Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant Permanent Funds:

**Cemetery Bequest Fund** – This fund receives interest from the trust and receipts from the sale of cemetery lots which are used for the maintenance of the cemetery.

**Bode Estate Trust Fund** – This fund receives interest from the trust which is used for the maintenance of the cannon located in the Village's park.

**E. Budgetary Process**

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

**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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation. Unencumbered appropriations lapse at year end.

**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.

**Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay 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.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**2. EQUITY IN POOLED CASH**

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

	2010	2009
Demand deposits	\$ 13,938	\$ 14,847
Certificates of deposit	18,823	18,823
Total Deposits	\$ 32,761	\$ 33,670

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 12,885	\$ 13,958	\$ 1,073
Special Revenue	12,930	13,913	983
Permanent	300	-	(300)
Total	\$ 26,115	\$ 27,871	\$ 1,756

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 13,700	\$ 15,069	\$ (1,369)
Special Revenue	17,500	13,711	3,789
Permanent	300	-	300
Total	\$ 31,500	\$ 28,780	\$ 2,720

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 14,535	\$ 13,857	\$ (678)
Special Revenue	14,100	12,287	(1,813)
Permanent	300	119	(181)
Total	\$ 28,935	\$ 26,263	\$ (2,672)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 13,700	\$ 18,208	\$ (4,508)
Special Revenue	17,500	11,131	6,369
Capital Projects	300	769	(469)
Total	\$ 31,500	\$ 29,608	\$ 1,892

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to 5705.36, the Village had instances where a reduced certificate of estimated resources should have been obtained.

Contrary to 5705.39, the Village's General Fund had appropriations exceeding estimated revenue.

Contrary to 5705.41(D), the Village had instances where invoices were dated prior to certification.

Contrary to 5705.41(B), the Village's had expenditures that exceeded appropriations at the legal level of control for 2010 and 2009 in the General Fund, Street Fund, State Highway Fund and Cemetery Bequest Fund.

Contrary to 5705.010, the Village had negative fund balances.

**4. 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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.

**5. SOCIAL SECURITY BENEFITS**

The elected officials and employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2010 and 2009, these elected officials and employees contributed 4.2% and 6.2% of their gross salaries, respectively. The Village contributed an amount equal to 6.2% of participant's gross salaries through December 31, 2010.

**6. RISK MANAGEMENT**

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

**7. RESTATEMENT OF FUND BALANCES**

As of January 1, 2009, the Special Revenue Fund balance was increased by \$1,574 to \$36,376 and the Permanent Fund was decreased by \$1,574 to \$8,299. This was due to cemetery activity such as lot sales and upkeep of cemetery being incorrectly posted to the Permanent Fund when it should have been posted to the Special Revenue Cemetery Fund.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**8. FINANCIAL DIFFICULTIES**

The Villages General Fund carries a negative fund balance at December 31, 2010 and 2009. Management has no formal plan to increase the revenue flow to the General Fund but are monitoring all expenditures from the General Fund. They are currently working with the local County Prosecutor and local Townships to possibly transfer funds to the General Fund but only if they can have it done legally.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

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

Village of Dexter City  
Noble County  
P.O. Box 51  
Dexter City, Ohio 45727

We have audited the financial statements of Village of Dexter City as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 2, 2011, 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 *Government Auditing Standards*, issued by the comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village of Dexter City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider Findings 2010-06 and 2010-08 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2010-07 described in the accompanying schedule of findings to be a significant deficiency.

We noted other matters involving internal control over financial reporting, which we have reported to management of the Village of Dexter City in a separate letter dated August 2, 2011.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Dexter City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2010-01 through Finding 2010-05.

We noted certain immaterial instances of noncompliance that we have reported to the management of Village of Dexter City in a separate letter dated August 2, 2011.

Village of Dexter City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Dexter City's responses and, accordingly, we express no opinion on it.

This report is intended for the information of the Village's management, Clerk, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
August 2, 2011

VILLAGE OF DEXTER CITY  
NOBLE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2010

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

FINDING NUMBER 2010-01

**Noncompliance Citation**

Ohio Revised Code Section 5705.10(H) states that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. As of December 31, 2010, the General Fund had a negative balance of \$12,116 and the Walking Track Fund had a negative balance of \$5,000. As of December 31, 2009, the General Fund had a negative balance of \$11,005 and the Walking Track Fund had a negative balance of \$5,000.

This is a result of overspending by the Village and was due to a lack of budgetary oversight by management.

We recommend the Village take the necessary steps to eliminate negative fund balances and establish a plan to curtail unnecessary spending in order to eliminate negative fund balances.

**Client Response:** We did not receive a response from Officials to this finding.

FINDING NUMBER 2010-02

**Noncompliance Citation**

Ohio Revised Code Section 5705.38 states on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

Also, Ohio Revised Code Section 5705.41(B) states no subdivision is to expend money unless it has been appropriated.

The Village Council did not adopt appropriations for 2010 and 2009 until March 15 of each year. This resulted in expenditures exceeding appropriations in every fund for the period January 1 through March 15 of both years.

We recommend on or about the first day of each fiscal year, the Village Council pass a temporary appropriation measure for meeting the ordinary expenses until the permanent measure is adopted.

**Client Response:** This is the way the Village has always done this since the current Clerk-Treasurer has been in her position.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010**

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

**FINDING NUMBER 2010-03**

**Noncompliance Citation**

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 100% of the expenditures tested for 2010 and 100% for 2009.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued 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 council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from Council. However, then and now certificates issued by the Clerk over \$3,000 must be authorized by Council within thirty days after payment.

**Client Response:** We have never used. Our Village is too small.

**FINDING 2010-04**

**Noncompliance Citation**

Ohio Revised Code Section 5705.39 states that appropriations from each fund shall not exceed the total estimated resources. In 2010 and 2009, the General Fund had appropriations exceed estimated resources by \$11,390 and \$6,319, respectively.

We recommend that the Village monitor budgetary compliance and to make necessary adjustments to be in compliance.

**Client Response:** We did not receive a response from Officials to this finding.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010**

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

**FINDING NUMBER 2010-05**

**Noncompliance Citation**

Ohio Revised Code Section 5705.41(B) prohibits a subdivision to expend money unless it has been appropriated.

The following funds had expenditures which exceeded appropriations:

<b>Fund</b>	<b>Appropriation</b>	<b>Expenditures</b>	<b>Variance</b>
<b>December 31, 2010</b>			
General Fund	\$13,700	\$15,998	\$(2,298)
State Highway	-	681	(681)
<b>December 31, 2009</b>			
General Fund	13,700	17,114	(3,414)
State Highway	-	1,242	(1,242)
Bode Estate	-	770	(770)

**Client Response:** It has always been done that way. We are a small Village.

**FINDING NUMBER 2010-06**

**Material Weakness**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

During 2010 and 2009, estimated revenue per the amended certificates was not posted to the Village's receipts journal and the estimated revenue per the amended certificate were not input into the annual financial report correctly.

During 2010 and 2009, the appropriations per the annual appropriation ordinance were not posted to the Village's appropriation journal. Also, the line items listed in the appropriation journals were not consistent with the line items in the annual appropriations ordinances. Plus, the appropriations as approved by the Village Council did not agree to the appropriations posted into the annual financial report.

**Client Response:** We did not receive a response from Officials to this finding.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010**

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

**FINDING NUMBER 2010-07**

**Significant Deficiency**

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Village's staff did not allow for an adequate segregation of duties; the Village Clerk-Treasurer performed all accounting functions. It is therefore important that the Village Council function as a finance committee to monitor financial activity closely. There was no documentation of the extent to which the Village Council reviewed bank reconciliations, financial reports and records to monitor financial activity of the Village.

This could result in the ledgers of the Village not being posted up-to-date, errors in the reconciliation, and errors and omissions occurring in the Village's annual report without the timely knowledge of the Village Council.

We recommend financial information be presented to the Village Council on a regular basis. This information should include reconciliations, as well as revenue and expenditure activity and budget versus actual reports. A periodic review should also be performed on the Village's cash book to gain assurances that the records are posted up to date, in agreement with the presented reports and reflect authorized transactions. These reviews should be documented in the minutes of the Village Council meetings.

**Client Response:** Our Village is very small and only a few individuals take an interest.

**FINDING NUMBER 2010-08**

**Material Weakness**

Adjustments were made to the financial statement due to incorrect posting of cemetery activity in the Permanent Fund. Fund balances were restated as of January 1, 2009 and corrections were made for the years ended December 31, 2010 and 2009.

We recommend that the clerk-treasurer accurately breakout the activity between the Cemetery Fund and the Cemetery Bequest Fund (Permanent) so that activity can be posted to the proper funds.

**Client Response:** I believe I was posting as told by a prior audit done but will make the appropriate changes.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2010**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2008-001	ORC5705.10(H) Negative fund balances	No	In current audit as Finding 2010-01
2008-002	ORC 5705.14(E) transfers not properly approved	Yes	Finding No Longer Valid
2008-003	ORC 5705.38 appropriations not approved timely	No	In current audit as Finding 2010-02
2008-004	ORC 5705.41(B) expenditures exceeding appropriations	No	In current audit as Finding 2010-05
2008-005	ORC 5705.41(D) expenditures not properly certified	No	In current audit as Finding 2010-03
2008-006	Budgetary items not posted to ledgers and annual report	No	In current audit as Finding 2010-06
2008-007	Restatement of fund cash balances	Yes	Finding No Longer Valid
2008-008	Segregation of duties	No	In current audit as Finding 2010-07



# Dave Yost • Auditor of State

VILLAGE OF DEXTER CITY

NOBLE 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 22, 2011