



Dave Yost • Auditor of State



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

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of Dexter City, Noble County, Ohio (the Village), for the years ended December 31, 2012 and 2011.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Village's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Village's financial statements, transactions or balances for the years ended December 31, 2012 or 2011.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Current Year Observations

1. The Village does not maintain a budgetary accounting system to allow the comparison of budgeted receipts/disbursements to actual receipts/disbursements. Ohio Adm. Code Section 117-2-02(C) provides that 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.
2. The General Fund appropriations of \$13,600 exceeded estimated resources by approximately \$11,797 for the year ended December 31, 2012. Ohio Rev. Code Section 5705.39 limits appropriations to estimated resources. Because appropriations authorize spending, appropriating more than estimated resources potentially authorizes deficit spending. The Village should reduce appropriations to the amount of estimated resources.
3. The General Fund expenditures of \$16,295 exceeded appropriations by approximately \$2,695 for the year ended December 31, 2012. Ohio Rev. Code Section 5705.41 (B) states no subdivision is to expend money unless it has been appropriated.
4. We noted limited involvement by Village Council in monitoring Village financial reports and bank reconciliations. The Village's small size requires governing board involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The absence of these reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft. Our prior audit also reported this deficiency.

Current Year Observations (Continued)

5. We noted that a part-time employee was contributing to Social Security instead of Ohio Public Employee Retirement System (OPERS). Ohio Rev. Code Chapter 145 requires all public employees, irrespective of the hours worked and wages earned, must become contributors to the Retirement System beginning with the first day of employment unless the employee is otherwise exempted or excluded. The Village should send OPERS a *Personal History Record* (Form A) to OPERS for the part-time employee or submit an *Independent Contractor/Employee Determination For Worker (PED-1EE)* and *Independent Contractor/Employee Determination for Employer (PED-1ER)* if the Village feels the part-time worker is an independent contractor.

Current Status of Matters we Reported in our Prior Engagement

In addition to budgetary noncompliance repeated in items 2 and 3 above, a material weakness repeated for not having a budgetary accounting system in item 1 above, and a significant deficiency repeated for the governing board not properly monitoring financial activity reports in item 4 above, the current status of matters reported in our prior engagement are as follows:

1. The prior audit for the years ended December 31, 2010 and 2009 included noncompliance with Ohio Revised Code Section 5705.10 (H) for negative fund balances in the General and Walking Track Funds. We have determined that as of December 31, 2012 the General Fund no longer had a deficit fund balance but the Walking Track Fund had a negative fund balance of \$4,475.
2. The prior audit for the years ended December 31, 2010 and 2009 included noncompliance with Ohio Revised Code Section 5705.38 for not filing appropriations until after March 15. We have determined this was not corrected in 2011 and 2012.
3. The prior audit for the years ended December 31, 2010 and 2009 included noncompliance with Ohio Revised Code Section 5705.41 (D) for 100 percent of the expenditures not being prior certified. We have determined this was not corrected in 2011 and 2012.
4. The prior audit for the years ended December 31, 2010 and 2009 included a material weakness for incorrect posting of cemetery activity in the Permanent Fund. We have determined this was corrected in 2011 and 2012.



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Columbus, Ohio

July 1, 2013



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VILLAGE 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
JULY 16, 2013**