



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 § 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, 2014 and 2013.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 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, 2014 and 2013.

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

## Current Year Observations

1. The Village did not maintain a budgetary accounting system to allow the comparison of budgeted receipts/disbursements to actual receipts/disbursements. Ohio Admin. Code § 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. Our prior audit also reported this deficiency.
2. The General Fund appropriations of \$23,050 exceeded estimated resources by approximately \$10,313 for the year ended December 31, 2014. Ohio Rev. Code § 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. Our prior audit also reported this deficiency.
3. The General Fund and Walking Track Fund had negative fund balances at December 31, 2014 in the amount of \$1,863 and \$3,937, respectively. Ohio Rev. Code § 5705.10(l) states money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. Our prior audit also reported this deficiency.
4. We noted that a part-time employee contributed 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. Our prior audit also reported this deficiency.

### **Current Year Observations (Continued)**

5. The Village entered into a loan agreement with AGCO Finance LLC for the purchase of a tractor and mower in the amount of \$20,329 on December 22, 2014. The receipt and corresponding expenditure were not recorded in the Village's ledgers. The Village should post all financial activity related to debt and subsequent purchase of equipment.
6. The Mayor's yearly salary of \$1,800 was charged to the Village's Street Maintenance and Repair Fund in both 2013 and 2014. The Mayor is considered the chief executive to the Village and a portion of his salary must be paid from the General Fund. Further, the Mayor should maintain a time sheet that documents the portion of his time spent working on the streets of the Village.

### **Current Status of Matters We Reported in our Prior Engagement**

In addition to the matters repeated in items 1, 2, 3 and 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, 2012 and 2011 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. We have determined this was not corrected in 2013 and 2014.
2. The prior audit for the years ended December 31, 2012 and 2011 included noncompliance with Ohio Rev. Code § 5705.41(D) for 100 percent of the expenditures not being prior certified. We have determined this was not corrected in 2013 and 2014.
3. The prior audit for the years ended December 31, 2012 and 2011 included noncompliance with Ohio Rev. Code § 5705.38 for not filing appropriations until after March 15. We have determined this was not corrected in 2013 and 2014.
4. The prior audit for the years ended December 31, 2012 and 2011 included noncompliance with Ohio Rev. Code § 5705.41(B) for General Fund expenditures of \$16,295 exceeding appropriations by approximately \$2,695 for the year ended December 31, 2012. We have determined this was corrected in 2013 and 2014.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 5, 2015



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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  
MAY 28, 2015