



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Dexter City  
Noble County  
P O Box 56  
Dexter City, Ohio 45727

We have performed the procedures enumerated below on the Village of Dexter City's, Noble County, (the Village), receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village.

Village Council and the management of the Village have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

### Cash

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances for each opinion unit recorded in the Cash Book to the December 31, 2018 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances for each fund recorded in the Cash Book to the December 31, 2019 balances in the Cash Book. We found no exceptions. .
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the Cash Book and the financial statements filed by the Village in the Hinkle System. The amounts agreed.

### **Cash (Continued)**

4. We confirmed the December 31, 2020 bank account balances with the Village's financial institutions. We found no exceptions.
5. We inspected the investments held at December 31, 2020 and December 31, 2019 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. We noted no exceptions.

### **Property Taxes and Intergovernmental Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), the County Auditor and Transaction History Report and for Noble County for 2020 and a total of five from 2019:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Ledger. The amounts agreed.
  - b. We inspected the Receipt Ledger to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Ledger to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Ledger to determine whether it included two real estate tax receipts for 2020 and 2019. The Receipt Ledger included the proper number of tax receipts for each year.
3. We confirmed the principal forgiveness received from Ohio Water Development Authority (OWDA) to the Village during 2019 and 2020 in the amount of \$561,983 and \$1,969,317, respectively. The Village did not record the necessary memo entries to account for the OWDA principal forgiveness during 2019 and 2020.
  - a. We inspected the Receipt Ledger to determine whether these receipts were allocated to the proper funds. We found the Village did not record the Intergovernmental revenue.
  - b. We inspected the Receipt Ledger to determine whether the receipts were recorded in the proper year. We found the Village did not record the Intergovernmental revenue.

### **Sewer Fund**

1. We selected 10 Sewer Fund collection cash receipts from the year ended December 31, 2020 and 10 Sewer Fund collection cash receipts from the year ended 2019 recorded in the Sewer Receipts Ledger and determined whether the:
  - a. Receipt amount per the Sewer Receipt Ledger agreed to the amount recorded to the credit of the customer's account in the Sewer Payments Ledger. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the posting in the Sewer Payment Ledger for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period. We found no exceptions.
  - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.

**Sewer Fund (Continued)**

2. We observed the Customer Account History Journal.
  - a. This report listed \$4,960 and \$2,360 of accounts receivable as of December 31, 2020 and 2019, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$3,480 and \$1,200 were recorded as more than 90 days delinquent.

**Debt**

1. From the prior audit documentation, we observed the following debt was outstanding as of December 31, 2018. This amount agreed to the Village's January 1, 2019 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
ARGO Finance (Massey Ferguson Tractor)	\$6,436

2. We inquired of management, and inspected the Receipt Ledger and Disbursement Ledger for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. The Village did not accurately record all debt activity during 2019 for the OWDA Loan #8343. The Village did not record Loan Proceeds and Capital Outlay of \$5,549. For OWDA Loan #8653, the Village did not record Loan Proceeds and Capital Outlay of \$252,776. For OWDA Loan #8656, the Village recorded all Loan Proceeds and Capital Outlay.

The Village did not accurately record all debt activity for 2020. For OWDA Loan #8653, the Village did not record Loan Proceeds and Capital Outlay of \$334,242. For the OWDA Loan #8656, the Village did not record Loan Proceeds and Capital Outlay of \$1,406,469.

3. We obtained a summary of debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedule to General Fund and Sewer Fund payments reported in the Disbursements Ledger. OWDA forgave all Village Debt incurred during 2019. However since the Village received the benefit of the on-behalf payments, this grant activity should have been reported on the Village's financial statements as Intergovernmental Revenue and Principal Payment in the amount of \$561,983. OWDA forgave all Village Debt incurred during 2020. However, since the Village received the benefit of the on-behalf payments, this grant activity should have been reported on the Village's financial statements as Intergovernmental Revenue and Principal Payment of \$1,969,317.
4. For new debt issued during 2020 and 2019, we inspected the debt legislation, which stated the Village must use the proceeds to construct a Wastewater Treatment Facility. Through observation we verified that the Village built a Wastewater Treatment Facility during the audit period. We did note any compliance issues with the OWDA loan or grant.

**Payroll Cash Disbursements**

1. We selected all payroll checks for five employees/officials, for 2020 and 2019 from the Payroll Register and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Register to supporting documentation (timecard and legislatively-approved rate).

**Payroll Cash Disbursements (Continued)**

- i. The Village did not maintain personnel files for employees' Ohio Public Employees Retirement System, Federal, State and Local income tax withholding authorization.
- ii. We were unable to agree these items to the information used to compute gross and net pay related to this check.

We found that the Village did not withhold Ohio Public Employees Retirement System from the two regular employees that are being compensated as if they were independent contractors for various duties. Although the contract may demonstrate the intention of the parties, it alone does not define the type of business relationship. The Village has not performed an evaluation to determine if this individual should be treated as an employee or an independent contractor. The Village should submit an OPERS *Independent Contractor/Employee Determination For Worker (PED-1EE)* and *Independent Contractor/Employee Determination for Employer (PED-1ER)* to document the part-time workers are independent contractors.

- b. We recomputed gross and net pay and agreed it to the amount recorded in the Payroll Register. We found no exceptions.
  - c. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files or minute record. We found no exceptions.
  - d. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2020. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes	January 31, 2021	Not paid	\$2,616	\$0
State income taxes	January 15, 2021	Not paid	\$55	\$0

As stated above, as of the date of this report, the Fiscal Officer did withhold the required state payroll taxes for both 2020 and 2019; however, there is no evidence she remitted the taxes in 2020 or 2019, in the amounts of \$55 and \$59, respectively, in accordance with the applicable schedule prescribed by Ohio Rev. Code § 5747.07. Also, the Fiscal Officer did withhold the required Medicare and social security taxes for both 2020 and 2019; however, there is no evidence she paid the employee or employer share in 2020 or 2019, in the amounts of \$1,692 and \$1,703, respectively, to the Internal Revenue Service as prescribed under 26 U.S.C. § 3403. In addition, the Village has not paid federal withholdings since the second quarter of 2016 and state withholdings since the fourth quarter of 2016. These matters will be referred to the Internal Revenue Service and the State of Ohio Department of Taxation.

**Non-Payroll Cash Disbursements**

We selected 10 disbursements from the Disbursement Ledger for the year ended December 31, 2020 and 10 from the year ended 2019 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.

### Non-Payroll Cash Disbursements (Continued)

- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

### Compliance – Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the year ended December 31, 2020 for the General Fund, Street Maintenance and Repair Fund and State Highway Fund, as certified with the Noble County Auditor's Office. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the year ended December 31, 2019 for the General Fund, Street Construction and Repair Fund and State Highway Fund, as certified with the Noble County Auditor's Office. The Village did not adopt or certify appropriations for 2020 or 2019. We observed that all fund expenditures for 2020 exceeded total appropriations, contrary to Ohio Rev. Code 5705.41(B). Also, the Village did not maintain a budgetary system as required by Ohio Admin. Code 117-2-02(C).
2. We inspected the Cash Book for the years ended December 31, 2020 and 2019 for negative cash fund balances. Ohio Rev. Code § 5705.10(I) provides that money paid into a fund must be used 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. The Walking Track Fund had a negative fund balance of \$2,412 and \$2,336 in 2020 and 2019, respectively. The General Fund had an adequate fund balance to cover these negative fund balances.

### Sunshine Law Compliance

1. We inquired with Village management and determined that the Village did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(B)(2).
2. We inquired with Village management and determined:
  - a. The Village did not have any completed public records requests during the engagement period.
  - b. The Village did not have any denied public records requests during the engagement period.
  - c. The Village did not have any public records requests with redactions during the engagement period.
3. We inquired with Village management and determined that the Village did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inquired with Village management and determined that the Village did not have a public records policy during the engagement period therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(B)(2).

### **Sunshine Law Compliance (Continued)**

5. We inquired with Village management and determined that the Village did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
6. We inquired with Village management to determine whether the Village had a poster describing their Public Records Policy displayed conspicuously in all branches of the Village as required by Ohio Rev. Code § 149.43(E)(2). The Village did not have the required poster displayed.
7. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with Village management and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 149.43(B). We found the Mayor, one member of Council and the Fiscal Officer had terms that ended during the engagement period and none of them successfully attended a certified three hour Public Records Training.
9. The Village did not notify the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F).
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

### **Other Compliance**

1. Ohio Rev. Code § 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. Financial information for 2020 was filed on October 13, 2021 and 2019 financial information was filed on October 20, 2021, which were not within the allotted timeframe.
2. We inquired of the Fiscal Officer and inspected support of trainings attended to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code § 507.12. The Fiscal Officer did not obtain any of the required hours of training.



### **Related Party Transactions**

1. We inquired with management and identified the following Related Party Transactions:
  - a. Jeff Blair, Mayor and Christy Blair, Fiscal Officer are married.
  - b. Council Member Richard Ogle is married to Council Member Beverly Ogle
2. We confirmed the payroll transactions with supporting time sheets and canceled checks for Jeff and Christy Blair. See procedures 6 and 7 in the Payroll Cash Disbursements section. In addition, we reviewed the minutes for contracts and purchases that would be reportable items for Council members Richard and Beverly Ogle.

We were engaged by the Village to perform this Agreed-Upon Procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Village and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 31, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF DEXTER CITY**

**NOBLE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 3/8/2022**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)