



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Village of Dexter City
Noble County
P.O. Box 56
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 (the Village), for the years ended December 31, 2022 and 2021.

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, 2022 and 2021.

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.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. We noted three Council members did not attend public records training for their term ended December 31, 2021. Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. The Village's elected officials should attend public records training during their term of office. Our prior audit also reported this deficiency.
2. We noted the Village did not have a formal records retention schedule. Ohio Rev. Code § 149.43(B)(2) states, in part, a public office shall have available a copy of its current records retention schedule at a location readily available to the public. Ohio Rev. Code § 149.381 states, in part, when a records commission has approved a schedule of records retention, the records commission shall send that schedule of records retention to the Ohio history connection for its review. Upon completion of its review, the Ohio Historical Connection shall forward the schedule of records retention to the auditor of state for the auditor of state's approval or disapproval. The Village should adopt a formal records retention schedule and send it to the Ohio history connection for review. Our prior audit also reported this deficiency.

Current Year Observations (Continued)

3. We noted the Village has not adopted a public records policy. Ohio Rev. Code § 149.43(E)(2) provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to Ohio Rev. Code § 149.43(B)(7)(c), the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research. Ohio Rev. Code § 149.43(E)(2) further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook. The Village should establish a public records policy in accordance with the aforementioned Ohio Revised Code Sections. Our prior audit also reported this deficiency.
4. We noted the Village received Local Fiscal Recovery Funds in the amount of \$6,415 and 6,390 in 2022 and 2021, respectively, that were placed into the General Fund instead of a Special Revenue Fund. We noted the Village expended \$2,166 related to the Local Fiscal Recovery Funds from the Street Maintenance Fund rather than a separate Special Revenue Fund. We also noted the Village received and expended CARES Act Funds in the amount of \$20,000 in 2021 which were posted to the General Fund instead of a Special Revenue Fund. Ohio Rev. Code § 5705.09 states each subdivision must establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Additionally, Auditor of State Bulletin 2021-004 provides accounting guidance regarding Local Fiscal Recovery Funds. The error for the Local Fiscal Recovery Fund receipts in the amount of \$12,805 posted to the General Fund and expenditures of \$2,166 posted to the Street Maintenance Fund was corrected by the Village via a fund balance adjustment and establishment of the ARPA Fund on December 15, 2023.
5. We noted the Village properly withheld \$61 and \$51 of state taxes for 2022 and 2021, respectively; however, the Village did not remit these monies to the State of Ohio. Ohio Rev. Code § 5747.07(B) requires every employer required to deduct and withhold any state income tax under § 5747.06 of the Revised Code to file a return and pay the amount required by law. The Village should make a complete filing with the State of Ohio as soon as possible. Our prior audit also reported this deficiency.
6. We noted the Village had two part-time workers that were given 1099's in 2022 and 2021 for the amounts paid to them by the Village. Although the workers' contracts 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 these individuals should be treated as an employee or an independent contractor. The Village should submit to OPERS an *Independent Contractor/Employee Determination for Worker (PED-1EE)* and *Independent Contractor/Employee Determination for Employer (PED-1ER)* if the Village feels the workers, are independent contractors. Our prior audit also reported this deficiency.

Current Year Observations (Continued)

7. We noted the Village properly withheld \$856 and \$726 of employee Medicare and social security taxes for 2022 and 2021, respectively; however, these withholdings were not remitted to the Internal Revenue Service. We also found the Village did not remit \$856 and \$726 of employer Medicare and social security taxes for 2022 and 2021, respectively, to the Internal Revenue Service. Further, we found the Village did not withhold federal income taxes during 2022 and 2021. 26 U.S. Code § 3403 states the employer shall be liable for the payment of the tax required to be deducted and withheld under 26 U.S. Code § 3402 and shall not be liable to any person for the amount of any such payment. The Village should make a complete filing with the Internal Revenue Service as soon as possible. Our prior audit also reported the Village did not remit \$1,692, \$1,703, \$2,011 and \$1,989 in employee and employer Medicare taxes, social security taxes and federal taxes for 2020, 2019, 2018 and 2017, respectively, and there was no evidence provided that these payments were made in 2022 or 2021.
8. We noted the Village did not post payments made directly to vendors by the Ohio Water Development Authority (OWDA) for Loan #8653 in the amount of \$59,579 and for Loan #8656 in the amount of \$76,429 in 2021. These on-behalf payments should have been posted to Loan Proceeds and Capital Outlay in the Village's Wastewater Fund. We also noted the Village did not post principal forgiveness received from OWDA for Loan #8653 in the amount of \$73,481 and for Loan #8656 in the amount of \$94,877 in 2021. These payments should have been posted to Intergovernmental and Principal Payment in the Village's Wastewater Fund. AOS Bulletin 2000-008 provides guidance for cash basis accounting for on-behalf funding. In short, the Bulletin indicates that when a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made. In addition, the applicable budgetary legal requirements should be followed for the program the same as if the moneys were received and expended by the local government. Ohio Rev. Code § 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated. Our prior audit also reported this deficiency.
9. We noted the Village did not file the 2022 and 2021 cash basis annual reports until April 9, 2023, and August 28, 2022, respectively. Ohio Rev. Code § 117.38 states that public offices reporting on a cash basis must file annual reports with the Auditor of State's HINKLE system within 60 days after the close of the fiscal year. The Village should make a complete filing within 60 days of the fiscal year-end. Our prior audit also reported this deficiency.
10. We noted that General Fund expenditures of \$19,154 exceeded appropriations by \$204 for the year ended December 31, 2022. Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. Our prior audit also reported this deficiency.

11. We noted 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 or appropriations. Our prior audit also reported this deficiency.



Keith Faber
Auditor of State
Columbus, Ohio

January 3, 2024

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 1/16/2024

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This report is a matter of public record and is available online at
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