



**Auditor of State  
Betty Montgomery**



VILLAGE OF DEXTER CITY  
NOBLE COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Dexter City  
Noble County  
216 Marietta Street  
Dexter City, Ohio 45727

To the Village Council:

We have audited the accompanying financial statements of the Village of Dexter City, Noble County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village'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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Village of Dexter City  
Noble County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 31, 2003

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$1,598	\$	\$	\$1,598
Intergovernmental Receipts	13,047	14,373		27,420
Charges for Services			600	600
Earnings on Investments	92	683	586	1,361
Miscellaneous		400		400
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	14,737	15,456	1,186	31,379
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	3,693			3,693
Public Health Services			488	488
Leisure Time Activities	9,959			9,959
Basic Utility Services	2,445	11,774		14,219
General Government	7,036	1,858		8,894
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	23,133	13,632	488	37,253
Total Cash Receipts Over/(Under) Cash Disbursements	(8,396)	1,824	698	(5,874)
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	5,775			5,775
Transfers-Out	0	(5,775)	0	(5,775)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	5,775	(5,775)	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,621)	(3,951)	698	(5,874)
Fund Cash Balances, January 1	21,114	16,892	8,624	46,630
<b>Fund Cash Balances, December 31</b>	<b><u>\$18,493</u></b>	<b><u>\$12,941</u></b>	<b><u>\$9,322</u></b>	<b><u>\$40,756</u></b>

*The notes to the financial statements are an integral part of this statement.*

VILLAGE OF DEXTER CITY  
NOBLE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$1,541	\$8,695	\$	\$	\$10,236
Intergovernmental Receipts	20,146		15,663		35,809
Earnings on Investments	321	1,173		155	1,649
Miscellaneous	531	2,542			3,073
	<u>22,539</u>	<u>12,410</u>	<u>15,663</u>	<u>155</u>	<u>50,767</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	3,934				3,934
Public Health Services				132	132
Leisure Time Activities	1,383				1,383
Basic Utility Services	1,961				1,961
Transportation		29,921			29,921
General Government	8,479	3,006			11,485
Capital Outlay	10,200		15,663		25,863
	<u>25,957</u>	<u>32,927</u>	<u>15,663</u>	<u>132</u>	<u>74,679</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,418)</u>	<u>(20,517)</u>	<u>0</u>	<u>23</u>	<u>(23,912)</u>
Fund Cash Balances, January 1 (Restated, Note 3)	<u>24,532</u>	<u>37,409</u>		<u>8,601</u>	<u>70,542</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$21,114</u></b>	<b><u>\$16,892</u></b>	<b><u>\$0</u></b>	<b><u>\$8,624</u></b>	<b><u>\$46,630</u></b>

*The notes to the financial statements are an integral part of this statement.*



**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Dexter City, Noble County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides park operations and cemetery operations.

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**

Certificates of deposit are valued 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:

**1. 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.

**2. Special Revenue Fund**

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 receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

*Issue II fund* – The Village received a grant from the State of Ohio to pave streets within the Village.

**4. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant Fiduciary Funds:

*Cemetery Bequest Fund* – This fund is classified as a nonexpendable trust fund. Interest from the trust is used for the maintenance of the cemetery.

*Bode Estate Trust Fund* – This fund is classified as a nonexpendable trust fund. Interest from the trust 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.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, 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 measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying 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:

	2002	2001
Demand deposits	\$12,156	\$18,030
Certificates of deposit	28,600	28,600
Total deposits	\$40,756	\$46,630

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. RESTATEMENT OF FUND BALANCES**

For the year ended December 31, 2000, an adjustment resulted in fund balance restatement.

	Fund Balances at December 31, 2000	Restatement Amount	Fund Balances at January 1, 2001
Governmental Funds:			
General	\$7,660	\$16,872	\$24,532
Special Revenue	54,281	(16,872)	\$37,409
Total	\$61,941	\$0	\$61,941

The changes in fund balances for the General and Special Revenue Funds are the result of prior posting of expenditures in the previous years to the General Fund instead of the Street Construction, Maintenance and Repair Fund, Special Revenue Fund type.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001, follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,139	\$20,512	(\$1,627)
Special Revenue	4,943	15,456	10,513
Fiduciary	140	1,186	1,046
Total	\$27,222	\$37,154	\$9,932

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**4. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,875	\$23,133	(\$258)
Special Revenue	32,400	19,407	12,993
Fiduciary	300	488	(188)
Total	<u>\$55,575</u>	<u>\$43,028</u>	<u>\$12,547</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,333	\$22,539	(\$1,794)
Special Revenue	3,129	12,410	9,281
Capital Projects	0	15,663	15,663
Fiduciary	160	155	(5)
Total	<u>\$27,622</u>	<u>\$50,767</u>	<u>\$23,145</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,475	\$25,957	(\$3,482)
Special Revenue	32,400	32,927	(527)
Capital Projects	0	15,663	(15,663)
Fiduciary	300	132	168
Total	<u>\$55,175</u>	<u>\$74,679</u>	<u>(\$19,504)</u>

The Village did not obtain prior certification for expenditures, contrary to Ohio Rev. Code Section 5705.41.

The Village made illegal transfer of money, contrary to Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16.

The Village failed to establish funds for monies received from Ohio Public Work Commission and permissive motor vehicle license tax, contrary to Ohio Rev. Code Section 5705.09.

The Village had expenditures which exceeded appropriations, contrary to Ohio Rev. Code Section 5705.41(B).

The Village had deficit fund balances, contrary to Ohio Rev. Code Section 5705.10.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. 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.

**6. RETIREMENT BENEFITS**

**Public Employees Retirement System**

The Village's part-time employees belong to the Public Employees Retirement System (PERS). PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**Social Security**

The elected officials of the Village are members of the Social Security plan. The Village has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Dexter City  
Noble County  
216 Marietta Street  
Dexter City, Ohio 45727

To the Village Council:

We have audited the accompanying financial statements of the Village of Dexter City, Noble County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 31, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-001 through 2002-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 31, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated July 31, 2003.

Village of Dexter City  
Noble County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of management, and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 31, 2003



**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.14 states that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any other fund of the subdivision by resolution of the taxing authority or from one fund to another as is specifically authorized in Ohio Rev. Code Section 5705.14. Article XII, Section 5a of the Ohio Constitution states that no monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highway, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

The Village transferred \$9,000 from the Street Construction Maintenance and Repair Fund, Special Revenue Fund type, to the Walking Track Fund, Special Revenue Fund type, during 2001. During 2002, the Village transferred \$1,000 from the Walking Track Fund, Special Revenue Fund type, to the General Fund. In both instances the monies were used to pay for the costs associated with the construction of the Village's walking track.

We recommend the Village contact legal counsel if they are unsure about the legality of transfers. The Village has adjusted the Walking Track Fund, Special Revenue Fund type by \$9,000 and adjusted the Street Construction, Maintenance and Repair Fund, Special Revenue Fund type by \$9,000 in 2001. The Village has adjusted the General Fund by \$1,000 and adjusted the Walking Track Fund, Special Revenue Fund type by \$1,000 in 2002. The financial statements have been adjusted to reflect both of these transactions.

**FINDING NUMBER 2002-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5735.27(A)(1) requires the funds received from the gasoline excise tax shall be expended by each municipal corporation to plan, construct, maintain, widen, and reconstruct the public roads and highways within such municipal corporation. Ohio Rev. Code Section 4503.02 levies an annual tax upon the operation of motor vehicles to enable municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads and streets; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals. In addition Article XII, Section 5a, Ohio Constitution states that no monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highway, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2002-002 (Continued)**

**Noncompliance Citation - Ohio Rev. Code Section 5735.27(A)(1) (Continued)**

During 2002, the Village erected a picnic shelter and paid for the improvement from the Street Construction, Maintenance and Repair Fund, a Special Revenue Fund type, in the amount of \$7,700. These expenditures did not pertain to the Village public highways, roads and streets and therefore were not allowable expenditures within the Street, Construction, Maintenance and Repair Fund.

We recommend the Village contact legal counsel if they are unsure about the allowability of expenditures from motor vehicle license fees and gasoline taxes. The Village has adjusted the General Fund by \$7,700 and adjusted the Street Construction, Maintenance and Repair Fund, Special Revenue Fund type, by \$7,700 in 2002. The financial statements have been adjusted to reflect this transaction.

**FINDING NUMBER 2002-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.09 states that each subdivision is required to establish a special fund for each class of revenues derived from sources other than the general property tax, which the law requires to be used for a particular purpose.

During 2002 and 2001, the Village received monies from a permissive motor vehicle license tax levied by Noble County under Ohio Revised Code Section 4504.15. The Village did not establish a Permissive Motor Vehicle License Tax fund, Special Revenue Fund type, to record the receipts and expenditures from the proceeds of this tax. Per Auditor of State - Management Advisory Services Bulletin 88-16, the Village should receipt the proceeds of such levy into a Permissive Motor Vehicle License Tax Fund, a Special Revenue Fund type, under the Intergovernmental Revenue receipts classification.

During 2001, the Village received monies from the Ohio Public Works Commission. The Village did not establish a (OPWC) Issue II Fund, Capital Project Fund type, to record the receipts and expenditures associated with this grant.

We recommend the Village establish a Motor Vehicle License Tax Fund, a Special Revenue Fund type and record all receipts and expenditures from the permissive motor vehicle license tax levy into this fund. Village officials can review Auditor of State-Management Advisory Services Bulletin 88-16 for guidance. Additionally, the Village should establish an Issue II fund, which is a Capital Projects Fund type, to record all receipts and expenditures related to such projects and monies as received from the Ohio Public Works Commission. Village officials can review Auditor of State Bulletins 2002-004 and 2000-008 for guidance. The Village has made the appropriate adjustments to record the proper funds on the 2002 and 2001 accounting records. The financial statements of the Village have been adjusted to reflect this activity.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY  
  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2002-004**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

The Village had expenditures which exceeded appropriations at the legal level of control by the following amounts in 2001:

General Fund	\$ 3,482
Sidewalk Fund	\$ 182
State Highway Fund	\$ 1,506
Walking Track Fund	\$ 9,644
Capital Projects Fund	\$15,663

The Village had expenditures which exceeded appropriations at the legal level of control by the following amounts in 2002:

General Fund	\$ 258
State Highway Fund	\$ 358
Sidewalks Fund	\$3,450
Walking Track Fund	\$ 403
Cemetery Trust Fund	\$ 188

In 2001, the General Fund amount of \$3,482 is the result of audit adjustments to properly reflect transactions.

The Clerk should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**FINDING NUMBER 2002-005**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exceptions to the basic requirement are provided by statute:

- A. Then and Now Certificate – This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2002-005 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(D) (Continued)**

- B. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village did not have a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, free from any previous encumbrance for any of the transactions.

We recommend the Village Clerk certify the availability of funds prior to incurring any obligations. When prior certification is not practicable, we encourage the Clerk to utilize “then and now” certificates. Appropriations should then be encumbered and balances maintained of unencumbered appropriations.

**FINDING NUMBER 2002-006**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10 requires that monies paid into any fund may only be used for the purpose for which the fund is established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

At December 31, 2002 and 2001, the Village’s Walking Track Fund, Special Revenue Fund type, had a negative balance of \$7,327. The Village’s budgetary records do not reflect this violation. However, the adjustment described in Findings 2002-001 and 2002-002 caused this deficit.

We recommend the Clerk/Treasurer monitor cash balances and ensure expenditures are made only from funds whose purpose is consistent with that expenditure’s purpose.

**VILLAGE OF DEXTER CITY  
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-31061-001	5705.41(D) prior certification of expenditures	No	Not Corrected; repeated as Finding 2002-005





**Auditor of State  
Betty Montgomery**

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800-282-0370

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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  
SEPTEMBER 9, 2003**