



OHIO AUDITOR OF STATE
KEITH FABER



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Village of Dexter City
Noble County
P.O. Box 56
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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, 2018 and 2017.

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, 2018 and 2017.

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. The Village did not maintain a budgetary accounting system to allow the comparison of budgeted receipts/disbursement 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.
2. We found no evidence the Village Council approved appropriations for 2018; therefore, expenditures exceeded appropriations by \$15,522 in the General Fund. Ohio Rev. Code § 5705.38 states on or about the first day of each fiscal year, an appropriation measure is to be passed. Further, Ohio Rev. Code § 5705.41(B) states no subdivision is to expend money unless it has been appropriated. Because appropriations authorize spending, expending more than appropriated potentially authorizes deficit spending. The Village should approve an appropriation measure on or about the first day of the fiscal year.
3. 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.
4. Ohio Rev. Code § 117.38 states entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Village did not file its 2017 and 2018 financial statements and notes to the financial statements until October 15, 2019, which was significantly after the deadline. The Village should make a complete filing within 60 days of the fiscal year-end. Our prior audit also reported this deficiency.

Current Year Observations (Continued)

5. We reviewed the Village's payroll ledger and noted the last remittance of federal tax, Medicare and social security withholdings was for the second quarter of 2016. During 2018, the Village properly withheld \$863 in Medicare and social security withholding taxes from employees pay but did not withhold an estimated \$285 of federal tax. The Village did not remit these employee withholdings, along with the employer share to the IRS, resulting a total unpaid amount of \$2,011 due to the Internal Revenue Service for 2018. During 2017, the Village properly withheld \$856 in Medicare and social security withholding taxes from employees pay but did not withhold an estimated \$277 of federal tax. The Village did not remit these employee withholdings, along with the employer share to the IRS, resulting a total unpaid amount of \$1,989 due to the Internal Revenue Service for 2017. Further we noted the Village issued W-2's for 2017 and 2018 that indicated taxes were withheld and remitted. By not remitting the required federal, Medicare, and social security taxes, the Village could be subject to fines and penalties. The Village should make a complete filing with the Internal Revenue Service as soon as possible.
6. We reviewed the Village's payroll ledger and noted the last remittance of state tax withholdings was for the fourth quarter of 2016. During 2018, the Village properly withheld \$60 of state taxes but did not remit these monies to the State of Ohio. During 2017, the Village properly withheld \$60 of state taxes but did not remit these monies to the State of Ohio. By not remitting the required taxes, the Village could be subject to fines and penalties. The Village should make a complete filing with the State of Ohio as soon as possible.

Current Status of Matters Reported in our Prior Engagement

6. In addition to the matters reported in items 1, 3, and 5 above, our prior audit for the years ended December 31, 2016 and 2015 included the following:
 - a. The General Fund appropriations exceeded estimated resources by \$7,219 for the year ended December 31, 2016. This deficiency was corrected for 2017 and 2018.
 - b. The Walking Track Fund had a negative fund balance at December 31, 2016 in the amount of \$3,087. At December 31, 2018, the Walking Track Fund had a negative fund balance in the amount of \$2,662.
 - c. The Mayor's yearly salary of \$1,800 was charged to the Village's Street Maintenance and Repair Fund in 2015 and half of his salary or \$900 was charged to the Village's Street Maintenance and Repair Fund in 2016. During 2017 and 2018 the Mayor's yearly salary of \$1,800 was paid 100% from the General Fund.
 - d. Monthly bank reconciliations were performed by the Fiscal Officer; however, the bank reconciliations were not accurate and complete. Interest in the amount of \$223 from the Village's certificate of deposit was not recorded to the Village's ledgers. This deficiency was corrected for 2017 and 2018.
 - e. The Village's cashbook reflected a check in the amount of \$347.84 and it cleared the bank in the amount of \$247.84. The Village's cashbook balance was overstated by \$100. This deficiency was corrected for 2017 and 2018.



Keith Faber
Auditor of State
Columbus, Ohio

December 26, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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
JANUARY 7, 2020**