



**VILLAGE OF DEXTER CITY
NOBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF DEXTER CITY
NOBLE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 2000 and 1999. 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.

The basis of accounting prescribed by the Auditor of State requires the Village to report outstanding encumbrances at year-end as budgetary expenditures. The Village did not record encumbrances. It was not practical for us to determine the amount of unrecorded encumbrances at year-end.

In our opinion, except for such adjustments, if any, that would have been necessary to reflect year-end outstanding encumbrances as discussed in the preceding paragraph, 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, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As disclosed in Note 3, the Village reclassified the Cemetery Fund during 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2001 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.

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.

Jim Petro
Auditor of State

July 30, 2001

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, 2000**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Nonexpendable Trust	
Cash Receipts:				
Local Taxes	\$1,571	\$	\$	\$1,571
Intergovernmental	20,265	8,610		28,875
Earnings on Investments	480	1,337	149	1,966
Other Revenue	225		5,000	5,225
Total Cash Receipts	22,541	9,947	5,149	37,637
Cash Disbursements:				
Current:				
Security of Persons and Property	3,535			3,535
Public Health			305	305
Leisure Time Activities	671			671
Community Environment		1,803		1,803
Basic Utility Services	1,691			1,691
General Government	9,304	12,342		21,646
Total Cash Disbursements	15,201	14,145	305	29,651
Total Cash Receipts Over/(Under) Cash Disbursements	7,340	(4,198)	4,844	7,986
Other Financing Receipts/(Disbursements):				
Transfers In	9	7,135		7,144
Transfers Out	(7,135)	(9)		(7,144)
Total Other Financing Receipts/(Disbursements)	(7,126)	7,126		0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	214	2,928	4,844	7,986
Fund Cash Balances, January 1	7,446	51,353	3,757	62,556
Fund Cash Balances, December 31	\$7,660	\$54,281	\$8,601	\$70,542

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, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$1,473	\$	\$	\$1,473
Intergovernmental	13,096	8,289		21,385
Earnings on Investments	525	1,394	127	2,046
Other Revenue			1,000	1,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	15,094	9,683	1,127	25,904
Cash Disbursements:				
Current:				
Security of Persons and Property	3,577			3,577
Public Health			110	110
Leisure Time Activities	399			399
Basic Utility Services	1,471			1,471
General Government	11,609	16,116		27,725
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	17,056	16,116	110	33,282
Total Cash Receipts Over/(Under) Cash Disbursements	(1,962)	(6,433)	1,017	(7,378)
Fund Cash Balances, January 1	9,408	57,786	2,740	69,934
Fund Cash Balances, December 31	<u>\$7,446</u>	<u>\$51,353</u>	<u>\$3,757</u>	<u>\$62,556</u>

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, 2000 AND 1999**

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 general governmental services, including maintenance of Village sidewalks and roads.

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 deposits 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 Funds

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 has the following significant Special Revenue Fund:

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, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 a corpus of the trust, the fund is classified as a non-expendable trust fund.

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

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, and 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 2000 and 1999 budgetary activity appears in Note 3.

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.

**VILLAGE OF DEXTER CITY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 70,542	\$ 62,556

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

3. PRIOR PERIOD RESTATEMENT

As a result of more accurate information becoming available, the Cemetery Fund has been reclassified from a Special Revenue Fund Type to a Nonexpendable Trust Fund Type. The resultant effect on the December 31, 1998 fund type balances is as follows:

Fund Type	Fund Type Balance at December 31, 1998	Restatement	Restated Fund Type Balance at January 1, 1999
Special Revenue Fund	\$ 60,526	\$ (2,740)	\$ 57,786
Nonexpendable Trust Fund	0	2,740	2,740
Total	\$ 60,526	\$ 0	\$ 60,526

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 21,360	\$ 22,550	\$ 1,190
Special Revenue	3,129	17,082	13,953
Nonexpendable Trust	125	5,149	5,024
Total	\$ 24,614	\$ 44,781	\$ 20,167

**VILLAGE OF DEXTER CITY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 29,260	\$ 22,336	\$ 6,924
Special Revenue	30,600	14,154	16,446
Nonexpendable Trust	200	305	(105)
Total	\$ 60,060	\$ 36,795	\$ 23,265

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 21,822	\$ 15,094	\$ (6,728)
Special Revenue	72,479	9,683	(62,796)
Nonexpendable Trust	562	1,127	565
Total	\$ 94,863	\$ 25,904	\$ (68,959)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 22,325	\$ 17,056	\$ 5,269
Special Revenue	30,600	16,116	14,484
Nonexpendable Trust	200	110	90
Total	\$ 53,125	\$ 33,282	\$ 19,843

Compliance and Accountability:

The certification of availability of unencumbered appropriations for expenditure was not made prior to purchase commitments being incurred. Section 5705.41 (D), Ohio Revised Code, requires a certificate of the fiscal officer to be attached to any order of expenditure, prior to a commitment being incurred. As a result, there were no encumbrances to report on the financial statements and outstanding purchase commitments are not included in budgetary disbursements shown above.

Expenditures exceeded appropriations in the Cemetery Fund by \$105 during 2000. Section 5705.41(B), Ohio Revised Code prohibits expenditures from being made unless they have been appropriated.

**VILLAGE OF DEXTER CITY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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 SYSTEMS

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. 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. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% and 13.55% for 2000 and 1999, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Property and general liability
- Public official's liability

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**REPORT OF INDEPENDENT ACCOUNTANTS 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, 2000 and 1999, and have issued our report thereon dated July 30, 2001, wherein we noted the Village did not record encumbrances in its budgetary presentation. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-31061-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 30, 2001.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 30, 2001.

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

This report is intended 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.

Jim Petro
Auditor of State

July 30, 2001

**VILLAGE OF DEXTER CITY
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2000-31060-001
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Noncompliance Citation

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

The Village’s fiscal officer did not certify funds during the audit period. As a result, certain purchase commitments incurred in one fiscal period may have been improperly charged against the subsequent fiscal period’s appropriations. Without these certifications, budgetary control over expenditures was diminished and, as disclosed in Note 4 to the financial statements, resulted in noncompliance with Ohio Rev. Code Section 5705.41(B).

We recommend purchase orders containing the required certification be utilized to certify the availability of funds prior to commitments being incurred. Appropriations should then be encumbered and balances maintained of unencumbered appropriations. Additional purchase orders should be issued only after the fiscal officer determines that sufficient unencumbered appropriations exist in the amount of requested purchases.



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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
AUGUST 30, 2001**