



**VILLAGE OF QUAKER CITY
GUERNSEY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF QUAKER CITY
GUERNSEY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Quaker City
Guernsey County
P.O. Box 43
Quaker City, Ohio 43773-0043

To the Village Council:

We have audited the accompanying financial statements of the Village of Quaker City, Guernsey 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 described 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 Quaker City, Guernsey 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 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

August 8, 2001

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VILLAGE OF QUAKER CITY
GUERNSEY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$6,216	\$4,708	\$6,262	\$17,186
Intergovernmental Receipts	28,920	38,103	305	67,328
Charges for Services	1,125	19,243		20,368
Earnings on Investments	4,479	571		5,050
Miscellaneous	2,288	450		2,738
	<u>43,028</u>	<u>63,075</u>	<u>6,567</u>	<u>112,670</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	5,458	28,418		33,876
Public Health Services	4,760			4,760
Leisure Time Activities	9,963			9,963
Basic Utility Services	2,214			2,214
Transportation		22,059		22,059
General Government	23,007			23,007
Debt Service:				
Principal Payments			4,700	4,700
Interest Payments			1,862	1,862
Capital Outlay		6,413		6,413
	<u>45,402</u>	<u>56,890</u>	<u>6,562</u>	<u>108,854</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,374)</u>	<u>6,185</u>	<u>5</u>	<u>3,816</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	850	6,363		7,213
Transfers-Out		(8,148)		(8,148)
	<u>850</u>	<u>(1,785)</u>	<u>0</u>	<u>(935)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,524)	4,400	5	2,881
Fund Cash Balances, January 1	43,299	17,474	523	61,296
Fund Cash Balances, December 31	<u>\$41,775</u>	<u>\$21,874</u>	<u>\$528</u>	<u>\$64,177</u>

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

VILLAGE OF QUAKER CITY
GUERNSEY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$88,758
Total Operating Cash Receipts	<u>88,758</u>
Operating Cash Disbursements:	
Personal Services	51,895
Fringe Benefits	7,574
Contractual Services	20,761
Supplies and Materials	<u>27,937</u>
Total Operating Cash Disbursements	<u>108,167</u>
Operating Income/(Loss)	<u>(19,409)</u>
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	2,627
Intergovernmental Receipts	<u>462</u>
Total Non-Operating Cash Receipts	<u>3,089</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(16,320)
Transfers-In	<u>935</u>
Net Receipts Over/(Under) Disbursements	(15,385)
Fund Cash Balances, January 1	<u>29,418</u>
Fund Cash Balances, December 31	<u><u>\$14,033</u></u>

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

VILLAGE OF QUAKER CITY
GUERNSEY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$7,237	\$13,165	\$	\$20,402
Intergovernmental Receipts	30,713	27,414		58,127
Charges for Services	580	19,343		19,923
Earnings on Investments	8,025	1,078		9,103
Miscellaneous	966	8,561		9,527
Total Cash Receipts	<u>47,521</u>	<u>69,561</u>		<u>117,082</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	5,022	38,280		43,302
Public Health Services	4,851			4,851
Leisure Time Activities	7,659			7,659
Transportation		47,251		47,251
General Government	26,475	6,300		32,775
Debt Service:				
Principal Payments			4,400	4,400
Interest Payments			2,077	2,077
Capital Outlay	4,500	6,360		10,860
Total Cash Disbursements	<u>48,507</u>	<u>98,191</u>	<u>6,477</u>	<u>153,175</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(986)</u>	<u>(28,630)</u>	<u>(6,477)</u>	<u>(36,093)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	1,726		7,000	8,726
Transfers-Out		(8,726)		(8,726)
Total Other Financing Receipts/(Disbursements)	<u>1,726</u>	<u>(8,726)</u>	<u>7,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	740	(37,356)	523	(36,093)
Fund Cash Balances, January 1	42,559	54,830	0	97,389
Fund Cash Balances, December 31	<u>\$43,299</u>	<u>\$17,474</u>	<u>\$523</u>	<u>\$61,296</u>

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

VILLAGE OF QUAKER CITY
GUERNSEY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$88,358
Miscellaneous	47
	<hr/>
Total Operating Cash Receipts	88,405
Operating Cash Disbursements:	
Personal Services	51,103
Fringe Benefits	8,855
Contractual Services	29,424
Supplies and Materials	28,475
	<hr/>
Total Operating Cash Disbursements	117,857
Operating Income/(Loss)	<hr/> (29,452)
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	3,128
Intergovernmental Receipts	384
Proceeds of Loan	10,000
	<hr/>
Total Non-Operating Cash Receipts	13,512
Net Receipts Over/(Under) Disbursements	(15,940)
Fund Cash Balances, January 1	<hr/> 45,358
Fund Cash Balances, December 31	<hr/> \$29,418 <hr/>

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

**VILLAGE OF QUAKER CITY
GUERNSEY 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 Quaker City, Guernsey 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 water and sewer utilities, park operations (leisure time activities), and fire protection.

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.

Fire Levy Fund - This fund receives tax monies assessed and levied on general assessed valuation of real and personal property. These taxes are used for the volunteer fire department.

FEMA Fund - This fund receives federal monies for repairs for flood damage.

**VILLAGE OF QUAKER CITY
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Funds:

Bond Retirement Fund - This fund receives tax levy monies to retire the fire truck general obligation bonds.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**VILLAGE OF QUAKER CITY
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 32,072	\$ 23,218
Certificates of deposit	<u>46,138</u>	<u>67,496</u>
Total deposits	<u>\$ 78,210</u>	<u>\$ 90,714</u>

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

3. 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	\$ 40,615	\$ 43,878	\$ 3,263
Special Revenue	56,600	69,438	12,838
Debt Service	6,100	6,567	467
Enterprise	<u>99,963</u>	<u>92,782</u>	<u>(7,181)</u>
Total	<u>\$ 203,278</u>	<u>\$ 212,665</u>	<u>\$ 9,387</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 83,914	\$ 45,402	\$ 38,512
Special Revenue	62,698	65,038	(2,340)
Debt Service	6,623	6,562	61
Enterprise	<u>123,279</u>	<u>108,167</u>	<u>15,112</u>
Total	<u>\$ 276,514</u>	<u>\$ 225,169</u>	<u>\$ 51,345</u>

**VILLAGE OF QUAKER CITY
GUERNSEY COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 42,387	\$ 49,247	\$ 6,860
Special Revenue	65,977	69,561	3,584
Debt Service	6,477	7,000	523
Enterprise	94,724	101,917	7,193
Total	\$ 209,565	\$ 227,725	\$ 18,160

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 82,043	\$ 48,507	\$ 33,536
Special Revenue	107,306	106,917	389
Debt Service	6,477	6,477	0
Enterprise	131,622	117,857	13,765
Total	\$ 327,448	\$ 279,758	\$ 47,690

The Village had line item expenditures in excess of appropriations in violation of Ohio Revised Code Section 5705.41(B). The Village also made some disbursements during 2000 and 1999 without first obtaining the prior certification from the Clerk contrary to Ohio Revised Code Section 5705.41(D)(1).

4. 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.

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.

**VILLAGE OF QUAKER CITY
GUERNSEY COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
EPA Loan	\$ 10,000	0%
General Obligation Bonds	33,500	4.875%
Total	\$ 43,500	

The EPA loan was obtained on June 22, 1999 to replace the Village pump house which was vandalized and destroyed by fire. The loan is interest free. This loan is past due as it was to be paid back by June 22, 2000.

General Obligation Bonds were issued on September 11, 1996 for the purchase of a fire truck. The bonds will be repaid annually, in varying amounts, over ten years. The general revenues of the Village have been pledged as the source of repayment.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	EPA Loan	General Obligation Bonds
2001	\$ 10,000	\$ 6,633
2002		6,589
2003		6,536
2004		6,573
2005		6,495
Subsequent		6,607
Total	\$ 10,000	\$ 39,433

6. RETIREMENT SYSTEMS

The Village's employees and certain elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF QUAKER CITY
GUERNSEY COUNTY**

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

6. RETIREMENT SYSTEMS (Continued)

The elected officials who are not a member of PERS contribute to Social Security. The contribution rate for these officials is 6.2% of their gross salary. As required, the Village matches this 6.2% contribution to Social Security. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

8. SUBSEQUENT EVENTS

The Village is in default on the loan with the EPA which was used to replace the Village pump house. The loan was due on June 22, 2000. The Clerk is currently working with EPA officials to resolve this issue.



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

Village of Quaker City
Guernsey County
P.O. Box 43
Quaker City, Ohio 43773-0043

To the Village Council:

We have audited the accompanying financial statements of the Village of Quaker City, Guernsey County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 8, 2001. 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 2000-31030-001, 2000-31030-002 and 2000-31030-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 8, 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 August 8, 2001.

Village of Quaker City
Guernsey County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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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

August 8, 2001

VILLAGE OF QUAKER CITY
GUERNSEY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2000-31030-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

The following funds and appropriation accounts had expenditures which exceeded appropriations at the legal level of control in 2000 and 1999 by the following amounts:

2000

General Fund

Leisure Time Activities

Salaries - All Other Village Staff	\$ 2,349
Public Employee's Retirement System	\$ 360
Operating Supplies and Materials	\$ 312

General Government

Social Security	\$ 164
Election Expenses	\$ 111

Street Construction, Maintenance and Repair Fund

Transportation

Operating Supplies and Materials	\$ 299
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State Highway Fund

Transportation

Operating Supplies and Materials	\$ 199
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Fire Levy Fund

Security of Persons and Property

Other Contractual Services	\$ 3,169
Supplies and Materials	\$ 1,010

1999

General Fund

Leisure Time Activities

Other Contractual Services	\$ 860
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General Government

Salaries - All Other Village Staff	\$ 323
Operating Supplies and Materials	\$ 387
Worker's Compensation	\$ 1,093

VILLAGE OF QUAKER CITY
GUERNSEY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2000-31030-001 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

1999 (Continued)

Street Construction, Maintenance and Repair Fund	
Transportation	
Operating Supplies and Materials	\$ 3,356
Other Insurance	\$ 907
FEMA Fund	
Basic Utility Service	
Repairs and Maintenance	\$ 2,590
Transportation	
Salaries - All Other Village Staff	\$ 491
Other Contractual Services	\$17,425
Fire Levy Fund	
Security of Persons and Property	
Worker's Compensation	\$ 952
Other Contractual Services	\$12,493
Water Fund	
Fringe Benefits	
Public Employees Retirement System	\$ 291
Workers Compensation	\$ 500
Contractual Services	
Other Contractual Services	\$ 2,212
Supplies and Materials	\$ 1,465
Sewer Fund	
Supplies and Materials	
Other Supplies and Materials	\$ 2,457

The Clerk should deny payment requests exceeding appropriations at the legal level of control. The Clerk may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**VILLAGE OF QUAKER CITY
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2000-31030-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) 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 this 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 the contract or order was made and at the time that she is completing her 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.

- B. Amounts of less than \$1,000 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 obtain the clerk's prior certification for 96 percent of the transactions we tested, nor was there evidence of a Then and Now certificate being used by the Clerk.

We recommend that the Village obtain the clerk's prior certification for all disbursements.

FINDING NUMBER 2000-31030-003

Noncompliance Citation

The Loan Resolution signed September 11, 1996 between the Village and United States Department of Agriculture, Farmer's Home Administration, under provision (F)(2) and Village Ordinance 4-96, contain covenants requiring the Village to make payments into a Bond Retirement Fund for the repayment of bonds. The Bond Retirement Fund will be depleted at least once a year, except for reasonable carryover amount (not to exceed the greater of (a) one year's earnings on the Bond Retirement Fund or (b) one -twelfth of the annual debt service). The Bond Retirement Fund will be used primarily to achieve a proper matching of payments and debt service requirements of the bonds within each year.

The Village did not allocate an adequate amount of fire levy proceeds to the Bond Retirement Fund for the bond payment in 2000. The Village paid \$2,868, of the \$4,730 interest due on the bond issue, from the Fire Levy Fund in 2000.

We recommend the Village allocate Fire Levy proceeds to the Bond Retirement Fund in an amount sufficient to pay the annual requirements of the bond issue with the United States Department of Agriculture, Farmer's Home Administration.

**VILLAGE OF QUAKER CITY
GUERNSEY COUNTY**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-31030-001	Ohio Rev. Code Section 5705.41(D)(1) - Purchases were not certified by the Clerk prior to the Village making the contracts or ordering the expenditure of money.	No	Not Corrected; Repeated in the GAGAS Letter.
1998-31030-002	Ohio Rev. Code Section 135.12 - The Village did not have any depository agreements with its banking institutions.	Yes	Finding no longer valid.
1998-31030-003	Ohio Rev. Code Section 5705.41 (B) - For 1997 the Fire Levy Fund, County Permissive Tax Fund, and Bond Retirement Fund had expenditures in excess of appropriations.	No	Not Corrected; Repeated in the GAGAS letter.
1998-31030-004	Loan Resolution signed September 11, 1996 between the Village and United States Department of Agriculture, Farmer's Home Administration, under provision (F)(2) and Village Ordinance 4-96, contain covenants requiring the Village to make payments into a Bond Retirement Fund for the repayment of bonds. The Village did not create a Bond Retirement Fund.	No	Not Corrected; Repeated in the GAGAS letter.



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VILLAGE OF QUAKER CITY

GUERNSEY 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 11, 2001