

**VILLAGE OF QUAKER CITY  
GUERNSEY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022**



**GUEYE & ASSOCIATES, CPA, INC.**

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OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Quaker City  
PO Box 156  
Quaker City, OH 43773

We have reviewed the *Independent Auditor's Report* of the Village of Quaker City, Guernsey County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Quaker City is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

November 25, 2024

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VILLAGE OF QUAKER CITY  
GUERNSEY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2023.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type – For the Year Ended December 31, 2023.....	5
Notes to the Financial Statements – For the Year Ended December 31, 2023.....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2022.....	13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type – For the Year Ended December 31, 2022.....	14
Notes to the Financial Statements – For the Year Ended December 31, 2022.....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Findings.....	25
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	30

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## INDEPENDENT AUDITOR'S REPORT

Village of Quaker City  
Guernsey County  
P.O. Box 156  
Quaker City, Ohio 43773

To the Village Council:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Quaker City, Guernsey County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2023, and December 31, 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2023 and December 31, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, and December 31, 2022, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



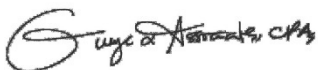
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2024, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Columbus, Ohio  
November 8, 2024

**Village of Quaker City, Ohio**  
*Guernsey County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2023*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 25,319	\$ 14,814	\$ -	\$ -	\$ 40,133
Intergovernmental	21,027	54,675	-	-	75,702
Special Assessment	-	-	-	-	-
Charges for Services	415	65,053	-	-	65,468
Earnings on Investments	520	70	-	-	590
Miscellaneous	10,045	5,410	3,167	25	18,647
<i>Total Cash Receipts</i>	<u>57,326</u>	<u>140,022</u>	<u>3,167</u>	<u>25</u>	<u>200,540</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	11,569	63,336	-		74,905
Public Health Services	7,726	-	-		7,726
Leisure Time Activities	8,032	-	-		8,032
Transportation	-	21,337	-		21,337
General Government	33,433	52,932	-		86,365
Capital Outlay	200	12	-		212
Debt Service:					
Principal Retirement	-	-	35,152	-	35,152
Interest and Fiscal Charges	-	-	8,624	-	8,624
<i>Total Cash Disbursements</i>	<u>60,960</u>	<u>137,617</u>	<u>43,776</u>	<u>-</u>	<u>242,353</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(3,634)</u>	<u>2,405</u>	<u>(40,609)</u>	<u>25</u>	<u>(41,813)</u>
<b>Non-Operating Receipts (Disbursements)</b>					
Sales of Capital Assets	-	8,086	-	-	8,086
Transfers In	-	-	25,063	-	25,063
Transfers Out	(16,886)	(3,562)	-	-	(20,448)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(16,886)</u>	<u>4,524</u>	<u>25,063</u>	<u>-</u>	<u>12,701</u>
<i>Net Change in Fund Cash Balances</i>	(20,520)	6,929	(15,546)	25	(29,112)
<i>Fund Cash Balances, January 1</i>	<u>359,213</u>	<u>125,840</u>	<u>17,449</u>	<u>35</u>	<u>502,537</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 338,693</u>	<u>\$ 132,769</u>	<u>\$ 1,903</u>	<u>\$ 60</u>	<u>\$ 473,425</u>

See accompanying notes to the basic financial statements

**Village of Quaker City, Ohio**  
*Guernsey County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Proprietary Fund Types**  
*For the Year Ended December 31, 2023*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 354,763
<i>Total Operating Cash Receipts</i>	354,763
<b>Operating Cash Disbursements</b>	
Personal Services	110,244
Employee Fringe Benefits	19,908
Contractual Services	71,856
Supplies and Materials	103,424
<i>Total Operating Cash Disbursements</i>	305,432
<i>Operating Income (Loss)</i>	49,331
<b>Non-Operating Receipts (Disbursements)</b>	
Other Non-Operating Cash Receipts	
Property and Other Local Taxes	4,541
Intergovernmental	769
Miscellaneous Receipts	2,964
Principal Retirement	(42,762)
Interest and Other Fiscal Charges	(16,482)
Transfers In	51,636
Transfers Out	(56,251)
<i>Total Non-Operating Receipts (Disbursements)</i>	(55,585)
<i>Net Change in Fund Cash Balances</i>	(6,254)
<i>Fund Cash Balances, January 1 (Restated)</i>	296,350
<i>Fund Cash Balances, December 31</i>	\$ 290,096

*See accompanying notes to the basic financial statements*

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 1 - Reporting Entity**

The Village of Quaker City (the Village), Guernsey County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly – elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, street maintenance, fire protection services and ambulance services. The Village contracts with the Guernsey County Sheriff's department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 –Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction, Maintenance, and Repair Fund*** This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance and repair of streets within the Village.

***Fire Levy Fund*** This fund is used to account for tax levy monies to provide fire protection through a volunteer fire department.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

***Skidsteer Loan Fund-*** This fund receives tax levy, gasoline tax, and motor vehicle license tax monies. The loan with Peoples Bank for the purpose of maintenance and repair.

***Fire Truck Loan Fund-*** This fund receives tax levy monies to retire the fire truck general obligation bonds

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village's Capital Project Fund had no receipt or disbursement activity for the year ending December 31, 2023.

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

**Water Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The sewer fund accounts for the provisions of sanitary sewer services to the residents and commercial users within the Village.

**Utility Improvement Funds** The utility improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The board recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (C) permit.

***Budgetary process***

The Ohio Revised Code requires that each fund be budgeted annually.

**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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The county budget commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2023 budgetary activity appears in Note 4.

***Deposits***

The Village maintains interest bearing checking accounts and certificates of deposit. The Village values certificates of deposit at cost.

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Capital Assets**

The Village records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Non-spendable:** The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**Restricted:** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed:** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned:** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**Unassigned:** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purpose for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,034	\$57,326	\$292
Special Revenue	136,402	148,108	11,706
Debt Service	40,712	28,230	(12,482)
Capital Projects	0	25	25
Enterprise	426,432	414,673	(11,759)
<b>Total</b>	<b>\$660,580</b>	<b>\$648,362</b>	<b>(\$12,218)</b>
2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$416,246	\$77,846	\$338,400
Special Revenue	237,120	141,179	95,941
Debt Service	58,161	43,776	14,385
Capital Projects	35	0	35
Enterprise	717,948	420,927	297,021
<b>Total</b>	<b>\$1,429,510</b>	<b>\$683,728</b>	<b>\$745,782</b>

**Note 4 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits on December 31 was as follows:

	2023
Demand deposits	\$ 721,085
Certificates of deposits	42,436
Total deposits	\$ 763,521

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**Note 5 – Taxes**

**Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deductions amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. The second half payment is due the following June 20.

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, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 6 - Risk management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.
- Flood insurance.
- Bonding; and
- Public Officials Liability

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Six of the Village's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants gross salaries. The Village has paid all contributions required through December 31, 2023.

***Social Security***

Seven of the Village's employees who are not members of OPERS contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of employee's gross salaries. The Village has paid all contributions required through December 31, 2023.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.



**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 9 - Debt**

Debt Outstanding on December 31, 2023 as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Peoples Bank - Skid Loan	\$29,860	2.97%
Sewer System Improvement Revenue Bonds, Series 2017	833,998	2% & 1.75%
OPWC CT55F	13,194	0.00%
OPWC CT45S	425,000	0.00%
Santander - Fire Truck Loan	216,830	3.21%
Total	<u>\$1,518,882</u>	

The Ohio Public Works Commission (OPWC) loans were used for a water improvement project and a water distribution project. All loans are collateralized by water receipts. The Village has agreed to set rates sufficient to cover OPWC debt service requirements.

In 2017, the village obtained two loans from the United States Department of Agriculture Rural Development (USDA) The one loan received was 989,455.44 to be amortized over 40 years at a rate of 2%. The second was for 326,209 to be amortized over 40 years at a rate of 1.75%. The loans are repaid with semi-annual payments and are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the bonds.

In 2019, the Village obtained a 500,000 loan for a 30-year term payable with a 0% interest rate for the wastewater treatment plant. The loan is collateralized by sewer receipts and is repaid with semi-annual payments.

In 2020, the Village issued a promissory note in the amount of \$54,517 from Peoples Bank to purchase a skid steer. The loan will be paid in monthly installments of \$721 over seven years with an interest rate of 2.97%

In 2022, the Village obtained a \$263,000.00 Lease-Purchase Agreement from Leasing 2, Inc. to purchase a fire truck. This will be paid yearly at \$31,163.27 over ten years with interest at 3.210%. This loan is collateralized by the fire truck.

**Amortization**

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

Year Ending December 31:	Skid Truck Loan	Sewer System		Fire Truck Loan
		Improvement Revenue Bonds	OPWC Loans	
2024	8,280	33,647	25,463	31,163
2025	8,280	33,809	25,463	31,163
2026	8,280	33,761	16,667	31,163
2027-2031	8,280	168,470	83,333	155,816
2032-2036	0	168,450	83,333	0
2037-2041	0	168,543	83,333	0
2042-2046	0	168,659	74,073	0
2047-2051	0	168,581	0	0
2052-2056	0	168,599	0	0
2057-2061	0	33,640	0	0
Total	<u>\$33,118</u>	<u>\$1,213,649</u>	<u>\$438,194</u>	<u>\$261,098</u>

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by grantor, principally the federal government. The grantor may require funding and disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any funds would be immaterial.

**Note 11 – Restatement of Prior Year Fund Balance**

The Village voided an outstanding check issued from the proprietary funds in the previous years. The net effect was as follows:

Fund	Fund Balances December 31, 2022	Debit	Credit	Restated Fund Balances December 31, 2022
Proprietary Funds	\$ 291,505	\$ -	\$ 4,845	\$ 296,350

**Note 12 – COVID 19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines

**Village of Quaker City, Ohio**  
**Guernsey County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
All Governmental Fund Types  
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 26,453	\$ 15,144	\$ -	\$ -	\$ 41,597
Intergovernmental	23,876	61,760	-	-	85,636
Charges for Services	670	29,272	-	-	29,942
Earnings on Investments	474	84	-	-	558
Miscellaneous	61,060	2,613	7,723	-	71,396
<i>Total Cash Receipts</i>	<u>112,533</u>	<u>108,873</u>	<u>7,723</u>	<u>-</u>	<u>229,129</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	9,952	39,540	-	-	49,492
Public Health Services	7,312	-	-	-	7,312
Leisure Time Activities	6,465	-	-	-	6,465
Basic Utility Services	2000				2,000
Transportation	-	42,837	-	-	42,837
General Government	30,944	4,938	-	-	35,882
Capital Outlay	5,167	272,975	-	-	278,142
Debt Service:					
Principal Retirement	-	-	36,812	-	36,812
Interest and Fiscal Charges	-	-	10,089	-	10,089
<i>Total Cash Disbursements</i>	<u>61,840</u>	<u>360,290</u>	<u>46,901</u>	<u>-</u>	<u>469,031</u>
<i>Excess of Cash Receipts Over (Under) Ca:</i>	<u>50,693</u>	<u>(251,417)</u>	<u>(39,178)</u>	<u>-</u>	<u>(239,902)</u>
<b>Non-Operating Receipts (Disbursements)</b>					
Other Debt Proceeds	-	263,000	-	-	263,000
Transfers In	-	-	26,727	-	26,727
Transfers Out	(8,232)	(8,657)	-	-	(16,889)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(8,232)</u>	<u>254,343</u>	<u>26,727</u>	<u>-</u>	<u>272,838</u>
<i>Net Change in Fund Cash Balances</i>	42,461	2,926	(12,451)	-	32,936
<i>Fund Cash Balances, January 1</i>	<u>316,752</u>	<u>122,914</u>	<u>29,900</u>	<u>35</u>	<u>469,601</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 359,213</u>	<u>\$ 125,840</u>	<u>\$ 17,449</u>	<u>\$ 35</u>	<u>\$ 502,537</u>

See accompanying notes to the basic financial statements

**Village of Quaker City, Ohio**  
*Guernsey County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Proprietary Fund Types**  
*For the Year Ended December 31, 2022*

	Proprietary Funds Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 350,105
<i>Total Operating Cash Receipts</i>	<i>350,105</i>
<b>Operating Cash Disbursements</b>	
Personal Services	88,499
Employee Fringe Benefits	18,786
Contractual Services	90,380
Supplies and Materials	100,349
Other	-
<i>Total Operating Cash Disbursements</i>	<i>298,014</i>
<i>Operating Income (Loss)</i>	<i>52,091</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	4,397
Intergovernmental Receipts	1,163
Miscellaneous Receipts	177
Capital Outlay	(506)
Principal Retirement	(42,362)
Interest and Other Fiscal Charges	(16,809)
Other Financing Sources	119
Other Financing Uses	-
Transfers In	39,486
Transfers Out	(49,324)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(63,659)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(11,568)</i>
<i>Fund Cash Balances, January 1</i>	<i>303,073</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 291,505</i>

*See accompanying notes to the basic financial statements*

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 1 - Reporting Entity**

The Village of Quaker City (the Village), Guernsey County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, The Village contracts with the Guernsey County Sheriff's department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 –Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Cash and Investments***

The Village maintains an interest-bearing checking account. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

***Fund Accounting***

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction, Maintenance, and Repair Fund*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire Levy Fund*** This fund is used to account for tax levy monies to provide fire protection through a volunteer fire department.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

***Tractor Loan Fund-*** This fund receives tax levy monies to retire the fire truck general obligation bonds.

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Fire Truck Loan Fund**-This fund received gasoline tax and motor vehicle tax money as well as water revenues to retire a loan with Citizens National Bank.

**Backhoe Loan Fund**-This fund received gasoline tax and motor vehicle tax money as well as sewer and water revenues to retire a loan with Peoples Bank.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Capital Improvement Fund**- This fund is used to account for monies to provide for capital improvements within the Village.

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

**Water Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The sewer fund accounts for the provisions of sanitary sewer services to the residents and commercial users within the Village.

**Utility Improvement Funds** The utility improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary process***

The Ohio Revised Code requires that each fund be budgeted annually.

**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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The county budget commission must approve estimated resources.

**Village of Quaker City, Ohio**  
*Guernsey County*  
**Notes to the Financial Statements**  
*For the Year Ended December 31, 2022*

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

**Deposits and Investments**

The Village maintains interest bearing checking accounts and certificates of deposit. The Village values certificates of deposit at cost.

**Capital Assets**

The Village records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Non-spendable:** The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**Restricted:** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed:** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned:** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**Unassigned:** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purpose for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,095	\$112,533	\$59,438
Special Revenue	379,799	371,873	(7,926)
Debt Service	43,690	34,450	(9,240)
Enterprise	417,342	395,447	(21,895)
Total	\$893,925	\$914,303	\$20,378

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$328,433	\$70,072	\$258,361
Special Revenue	501,195	368,947	132,248
Debt Service	73,586	46,901	26,685
Capital Projects	35	0	35
Enterprise	718,827	407,015	311,812
Total	\$1,622,076	\$892,935	\$729,141

**Note 4 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2022
Demand deposits	\$751,606
Certificates of deposit	42,436
Total deposits	\$794,042

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Village or collateralized by the financial institution's public entity deposit pool.

**Note 5 – Taxes**

**Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deductions amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. The second half payment is due the following June 20.

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, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 6 - Risk management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.
- Flood insurance.
- Bonding; and
- Public Officials Liability

**Note 7 – Defined Benefit Pension Plans**

Six of the Village's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants gross salaries. The Village has paid all contributions required through December 31, 2022.

***Social Security***

Seven of the Village's employees who are not members of OPERS contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of employee's gross salaries. The Village has paid all contributions required through December 31, 2022.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. For calendar year 2022, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 9 - Debt**

Debt Outstanding on December 31, 2022 as follows:

	<u>Principal</u>	<u>Interest Rate</u>
People's Bank - Skid Loan	\$37,278	2.97%
Sewer System Improvement Revenue Bonds, Series 2017	\$851,300	Varies
OPWC CT55F	21,990	0.00%
Fire Truck Loan	240,280	3.21%
OPWC CT45S	441,667	0.00%
Peoples Bank - Truck Loan	4,283	3.56%
Total	<u>\$1,596,798</u>	

In 2004, the Village obtained a loan from the Ohio Public Works Commission (OPWC), relating to the Barnesville Water line expansion. The total loan received totaled \$175,922 to be amortized over 20 years at a 0% rate. The loan is repaid with semi-annual payments. The loan is collateralized by water receipts.

In 2017, the village obtained two loans from the United States Department of Agriculture Rural Development (USDA) The one loan received was 989,455.44 to be amortized over 40 years at a rate of 2%. The second was for 326,209 to be amortized over 40 years at a rate of 1.75%. The loans are repaid with semi-annual payments and are collateralized by sewer receipts.

In 2018, the Village obtained a \$34,065 loan from People's Bank to purchase a City Truck. This loan will be paid monthly at \$621 over 5 years with interest at 3.15 %. This loan is collateralized by the truck.

In 2019, the Village obtained a 500,000 loan for a 30-year term payable with a 0% interest rate for the wastewater treatment plant. The loan is collateralized by sewer receipts and is repaid with semi-annual payments.

In 2020, the Village obtained a \$52,174 loan from Peoples Bank to purchase a skid steer. This loan will be paid yearly at \$8,280 over seven years with interest at 2.970%. This loan is collateralized by the skid steer.

In 2022, the Village obtained a \$263,000.00 Lease-Purchase Agreement from Leasing 2, Inc. to purchase a fire truck. This will be paid yearly at \$31,163 over ten years with interest at 3.210%. This loan is collateralized by the fire truck.

**Village of Quaker City, Ohio**  
*Guernsey County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Amortization**

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

Year Ending December 31:	Skid Truck Loan 2.97%	Sewer System Improvement Revenue Bonds 1.00%	OPWC Loans	Peoples Bank Loans
2023	\$ 8,280	\$ 33,782	\$ 25,463	\$ 35,497
2024	8,280	33,647	25,463	31,163
2025	8,280	33,809	25,463	31,163
2026	8,280	33,715	25,463	31,163
2027	8,280	33,175	25,643	31,163
2028-2032	-	168,504	83,333	124,653
2033-2037		168,577	83,333	-
2038-2042		168,577	83,333	
2043-2047		168,609	83,333	
2048-2052		168,577	3,009	
2053-2057		168,567		
Total	41,399	1,246,975	463,836	299,719

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by grantor, principally the federal government. The grantor may require funding and disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any funds would be immaterial.

**Note 11 – COVID 19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Quaker City  
Guernsey County  
P.O. Box 156  
Quaker City, Ohio 43773

To the Village Council:

We have audited, 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 the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and the proprietary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Quaker City, Guernsey County (the Village) and have issued our report thereon dated November 8, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items No. 2023-001, 2023-002, and 2023-003, that we consider to be material weaknesses.

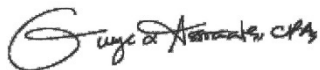
Village of Quaker City  
Guernsey County  
Independent Auditor's Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item No. 2023-004.

***Purpose of this Report***

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Columbus, Ohio  
November 8, 2024

VILLAGE OF QUAKER CITY  
GUERNSEY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-001

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs. A14 & A16.

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

The Village did not properly post all receipts and expenditures. Amounts were not always posted to the correct fund and/or line item. The following errors were noted:

We noted the following in 2020:

- Principal payments of \$12,900, were overstated for the OWDA Sewer Plan Design Loan Fund.
- A total of 263,000 in new loan proceeds for the purchase of a fire truck was not recorded and the corresponding capital outlay expenditure was also not recorded.

Audit adjustments, which were agreed by management, are reflected in the financial statements and in the accounting, records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Officials' Response:**

We did not receive a response from officials for this finding.

FINDING NUMBER 2023-002

**Material Weakness: Bank Reconciliations**

In our audit engagement letter, as required by AU-C Section 210, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs. A14 & A16.

VILLAGE OF QUAKER CITY  
GUERNSEY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)

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

FINDING NUMBER 2023-002 (Continued)

**Material Weakness: Bank Reconciliations (Continued)**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were prepared and reviewed each month of the audit period January 1, 2022, through December 31, 2023. Each monthly reconciliation contained "Other Adjusting Factors" that could not be supported with available documentation.

Failure to properly reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

Some of the more significant issues we encountered during the review of the bank reconciliations were:

- The outstanding checklist contained over fifteen outstanding checks on the checklist that were five years old.
- "Other Adjusting Factors" used as reconciling item but no documentation to support amount.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. Old outstanding checks should be investigated and if necessary, canceled and reissued. In addition, the Village Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews

**Officials' Response:**

We did not receive a response from officials for this finding.

VILLAGE OF QUAKER CITY  
GUERNSEY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)

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

FINDING NUMBER 2023-003

**Material Weakness – Control Environment and Monitoring**

A well-designed system of internal control will include monitoring of financial reports and information by the governing board in order to compensate for any lack of segregation of duties. The small size of the Village's staff did not allow for an adequate segregation of duties. The Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. In addition, in 2018 the Fiscal Officer also served as the Utility Clerk and was responsible for all functions, including billing, receipting, reconciling, and the approval of adjustments. It is therefore important for the Council members and the Control to monitor financial activity closely and to follow up on any audit findings.

The results of our audit indicated a weakness in management's role to establish and maintain effective internal controls and to ensure and document the Village is complying with legal requirements as evidenced by the material noncompliance citations and material weaknesses included in our report. We initially noted no evidence of support for the unreconciled items on the Village's cash reconciliations, as discussed in Finding No. 2023-002.

Failure to adequately monitor the Village's activities by the Council and Board of Public Affairs/Village Administrator and maintain supporting evidence and accounting reports of the Village's activities could result in errors or irregularities to occur and remain undetected.

The Village Council and Board of Public Affairs/Village Administrator should become more actively involved in monitoring the financial activity of the Village. Village Council should ensure that the Fiscal Officer performs a monthly bank reconciliation. Village Council should then review the validity of the computations and reconciling items and attest to the reconciliation's accuracy. Village Council should also ensure the Fiscal Officer maintains and presents to Council monthly the following records: receipts ledger, appropriations ledger, cash journal, budget vs. actual reports for receipts and disbursements, payroll journal and check register. Utility duties including the receipt of cash, depositing and posting activity to the billing system should be appropriately segregated and all adjustments to utility accounts should require approval.

Supervisory reviews should be performed by members of Village Council and evidenced by the initials of each member performing the review and the date of the review was performed.

The presentation of these records and reviews by Village Council and Board of Public Affairs/Village Administrator should be noted in the minutes. Council should make appropriate inquiries to help determine the continued integrity of financial information such as:

- Are current receipts sufficient to cover expenditures?
- Are actual receipts and expenditures in line with the budget?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations occur, is the reason documented, and properly budgeted for?
- Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Village.

**Official's Response:**

We did not receive a response from officials for this finding.



**VILLAGE OF QUAKER CITY  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-004**

**Non-Compliance: Prior Certification**

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying 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. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

- A. "Then and Now" Certificate - If the chief fiscal officer can certify that both at the time the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without resolution or ordinance 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 Village.
- B. Blanket Certificate - Fiscal Officer may prepare "blanket" certificates for a certain sum of money not to excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriations.
- C. Super Blanket Certificate - The Village may also make expenditures and contract for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certificate may, but need not, be limited to a specific vendor. This certificate is noted to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any one-line item appropriation.

The Village did not properly certify the availability of funds prior to the purchase commitment for 11 out of 31 purchases or 35.48%, and 7 out of 25 or 28% of transactions tested in 2022 and 2023, respectively, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

VILLAGE OF QUAKER CITY  
GUERNSEY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)

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

FINDING NUMBER 2023-003 (Continued)

**Noncompliance: Prior Certification (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. The Village should also implement procedures to ensure expenditure does not exceed available resources, thus avoiding negative fund balance situations and enabling the Village to properly certify the availability of funds for purchases.

**Officials' Response:**

We did not receive a response from officials for this finding.

**VILLAGE OF QUAKER CITY  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Material Weakness: Material adjustments and misclassifications	Not Corrected	Reissued as Finding # 2023-001
2021-002	Material Weakness: Bank Reconciliations	Not Corrected	Reissued as Finding # 2023-002
2021-003	Material Weakness: Control Environment and Monitoring	Partially Corrected	Reissued as Finding # 2023-003
2021-004	Non-Compliance: Appropriations in excess of Estimated Resources	Partially Corrected	Reissued in Management Letter

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF QUAKER CITY**

**GUERNSEY 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 12/5/2024**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)