



**Auditor of State
Betty Montgomery**

VILLAGE OF QUINCY
LOGAN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Quincy
Logan County
PO Box 126
Quincy, Ohio 43343

To the Village Council:

We have audited the accompanying financial statements of the Village of Quincy, Logan County, (the "Village"), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

August 21, 2003

**VILLAGE OF QUINCY
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$32,674	\$29,669		\$62,343
Intergovernmental Receipts	46,147	29,024	51,824	126,995
Charges for Services	3,455			3,455
Earnings on Investments	6,992	2,447		9,439
Miscellaneous	10,470			10,470
Total Cash Receipts	<u>99,738</u>	<u>61,140</u>	<u>51,824</u>	<u>212,702</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	28,229			28,229
Leisure Time Activities	21,154			21,154
Transportation	197	22,245		22,442
General Government	46,122			46,122
Capital Outlay	33,847	28,950	51,824	114,621
Debt Service:				
Principal Payments		11,000		11,000
Interest Payments		5,066		5,066
Total Cash Disbursements	<u>129,549</u>	<u>67,261</u>	<u>51,824</u>	<u>248,634</u>
Total Receipts (Under) Disbursements	(29,811)	(6,121)		(35,932)
Fund Cash Balances, January 1	<u>167,767</u>	<u>108,238</u>	<u>9,907</u>	<u>285,912</u>
Fund Cash Balances, December 31	<u><u>\$137,956</u></u>	<u><u>\$102,117</u></u>	<u><u>\$9,907</u></u>	<u><u>\$249,980</u></u>

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

**VILLAGE OF QUINCY
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$169,972
Operating Cash Disbursements:	
Personal Services	27,634
Fringe Benefits	9,847
Contractual Services	18,332
Supplies and Materials	35,985
Miscellaneous	381
Capital Outlay	16,762
Total Operating Cash Disbursements	108,941
Operating Income	61,031
Non-Operating Cash Receipts:	
Earnings on Investments	1,052
Loan Proceeds	15,040
Total Non-Operating Cash Receipts	16,092
Non-Operating Cash Disbursements:	
Redemption of Principal	32,456
Interest and othe Debt Related Charges	27,465
Total Non-Operating Cash Disbursements	59,921
Net Receipts Over Disbursements	17,202
Fund Cash Balances, January 1	221,790
Fund Cash Balances, December 31	\$238,992

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

**VILLAGE OF QUINCY
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$28,409	\$28,718		\$57,127
Intergovernmental Receipts	49,288	24,413		73,701
Earnings on Investments	15,280	4,110		19,390
Miscellaneous	9,511	1,102		10,613
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	102,488	58,343		160,831
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
Security of Persons and Property	33,146	320		33,466
Leisure Time Activities	24,444			24,444
Transportation		23,183		23,183
General Government	44,791			44,791
Debt Service:				
Principal Payments		11,000		11,000
Interest Payments		5,677		5,677
Capital Outlay	2,250	33,092		35,342
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	104,631	73,272		177,903
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts (Under) Disbursements	(2,143)	(14,929)		(17,072)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	169,910	123,167	9,907	302,984
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Fund Cash Balances, December 31	<u>\$167,767</u>	<u>\$108,238</u>	<u>\$9,907</u>	<u>\$285,912</u>

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

**VILLAGE OF QUINCY
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$258,080
Miscellaneous	7
	<u>258,087</u>
Total Operating Cash Receipts	<u>258,087</u>
Operating Cash Disbursements:	
Personal Services	25,290
Fringe Benefits	10,004
Contractual Services	19,424
Supplies and Materials	67,410
Miscellaneous	64
Capital Outlay	134,934
	<u>257,126</u>
Total Operating Cash Disbursements	<u>257,126</u>
Operating Income	<u>961</u>
Non-Operating Cash Receipts:	
Loan Proceeds	25,642
Earnings on Investments	924
	<u>26,566</u>
Total Non-Operating Cash Receipts	<u>26,566</u>
Non-Operating Cash Disbursements:	
Redemption of Principal	23,795
Interest and Other Debt Charges	16,560
	<u>40,355</u>
Total Non-Operating Cash Disbursements	<u>40,355</u>
Net Receipts (Under) Disbursements	(12,828)
Fund Cash Balances, January 1	<u>234,618</u>
Fund Cash Balances, December 31	<u>\$221,790</u>

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

**VILLAGE OF QUINCY
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Quincy, Logan 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 activities, emergency medical services, fire services, water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Logan County Sheriff's department to provide security of persons and property.

The Village has a joint operating agreement with Miami Township in that the Township supplies all the ambulance and fire equipment and the Village supplies the ambulance building, ambulance chief, fire department building, fire department chief, and the Village also pays a share of all expenses for the ambulance and fire departments.

The Village has a joint agreement with Miami Township, Logan County and the Logan County Engineer for the joint purchase of land and construction of salt bins. The Village was obligated for one-third of the bills for the purchase of the land and construction costs. The salt bins are jointly shared by the three entities for usage during the winter months and all three entities are responsible for maintenance and repair.

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. Purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

VILLAGE OF QUINCY
LOGAN COUNTY

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

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

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.

Street Levy Fund - This fund receives tax money to help repair Village streets

Fire Levy Fund – This fund receives tax money to help construct and maintain a firehouse in the Village.

3. **Capital Project Funds**

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

Issue II Fund - This fund is used to record Ohio Public Works Commission money spent on behalf of the Village.

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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**VILLAGE OF QUINCY
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$313,828	\$337,079
Certificates of deposit	175,144	170,623
Total deposits	\$488,972	\$507,702

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,000	\$99,738	(\$262)
Special Revenue	56,500	61,140	4,640
Capital Projects	500,000	51,824	(448,176)
Enterprise	263,200	186,064	(77,136)
Total	\$919,700	\$398,766	(\$520,934)

**VILLAGE OF QUINCY
LOGAN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$242,766	\$129,549	\$113,217
Special Revenue	164,739	67,261	97,478
Capital Projects	535,549	51,824	483,725
Enterprise	459,350	168,862	290,488
Total	\$1,402,404	\$417,496	\$984,908

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,000	\$102,488	(\$7,512)
Special Revenue	65,000	58,343	(6,657)
Capital Projects	500,000	0	(500,000)
Enterprise	228,500	284,653	56,153
Total	\$903,500	\$445,484	(\$458,016)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$279,910	\$104,631	\$175,279
Special Revenue	188,167	73,272	114,895
Capital Projects	509,907	0	509,907
Enterprise	463,118	297,481	165,637
Total	\$1,441,102	\$475,384	\$965,718

During 2001, the Enterprise Sewer Fund had actual revenue greater than budgeted revenue. This additional revenue of \$36,536 was appropriated and spent without obtaining an Amended Certificate of Estimated Resources from the County Budget Commission.

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 payments, the first half is due January 20th. The second half payment is due the following July 20th.

**VILLAGE OF QUINCY
LOGAN COUNTY**

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

4. PROPERTY TAX (Continued)

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
GMAC Mortgage Revenue Bonds	\$181,000	5.00%
Ohio Water Development Authority Loan-Tower	163,532	6.85%
Ohio Water Development Authority Loan		
Water Feasibility Study	10,000	0.00%
Ohio Public Works Commission	85,723	0.00%
Fire Safety Bonds	58,000	7.25%
Truck Purchase Notes	6,000	4.15%
Total	\$440,255	

The GMAC Revenue Bonds relate to a sewer line project completed in 1987. The bond will be paid in annual installment based upon a predetermined amortization schedule.

The Ohio Water Development Authority (OWDA) Tower loan relates to the water tower and water system improvements completed in 1993 by the Village. The loan will be paid in semi-annual installments based upon a predetermined amortization schedule.

The Ohio Water Development Authority (OWDA) loan relates to costs associated with a water feasibility study for improvements to the water supply system. The loan was entered into in 1997 and will be paid in annual installments based upon a predetermined amortization schedule.

The Ohio Public Works Commission (OPWC) loan relates to the watermain replacement project on State Route 235. The loan was obtained in 1996 and will be paid in semi-annual installments based upon a predetermined amortization schedule.

The Fire Safety Bonds relate to the 1990 construction of a new firehouse. The loan will be paid in semi-annual installments based upon a predetermined amortization schedule.

The Truck Purchase Bond relates to a truck purchase during 1998. The Bond will be paid in annual installments based upon a predetermined amortization schedule.

**VILLAGE OF QUINCY
LOGAN COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	GMAC Mortgage Revenue Bonds	OWDA Loan- Tower	OWDA Loan- Feasibility Study	OPWC Loan	Fire Safety Bonds	Truck Bond
2003	\$25,050	\$17,785	\$2,000	\$5,912	\$10,205	\$6,249
2004	25,250	17,785	2,000	5,912	9,770	
2005	24,400	17,785	2,000	5,912	9,335	
2006	24,550	17,785	2,000	5,912	9,900	
2007	24,650	17,785	2,000	5,912	9,393	
2008 - 2012	123,250	88,926		29,560	29,843	
2013 - 2017	8,850	88,296		26,603		
Total	<u>\$256,000</u>	<u>\$266,148</u>	<u>\$10,000</u>	<u>\$85,723</u>	<u>\$78,445</u>	<u>\$6,249</u>

The Village has been approved for a loan, in the amount of \$2,178,486 from the Ohio Water Development Authority, for a waste water treatment plant. This loan will be for a 30 year period with a 1.5% interest rate. The Village received loan proceeds of \$15,040 in 2002 and \$25,642 in 2001. As of December 31, 2002, the Village has not received an amortization schedule for this loan.

6. RETIREMENT SYSTEMS

The Village's employees 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 2002 and 2001, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village owed \$1,295 in PERS contributions as of December 31, 2002. The remaining contribution amount was paid in 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. SUBSEQUENT EVENTS

The Village entered into a joint sewer project with the Village of DeGraff in 2003. The total cost of the project will be approximately \$2,970,000, and the loan will be in the name of the Village of Quincy. The Village will be receiving approximately \$847,000 in federal grant assistance from the United States Environmental Protection Agency and the remaining balance will be financed by a loan from the Ohio Water Development Authority.



**Auditor of State
Betty Montgomery**

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

Village of Quincy
Logan County
PO Box 126
Quincy, Ohio 43343

To the Village Council:

We have audited the financial statements of Village of Quincy, Logan County (the "Village") as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 21, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2002-001 through 2002-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 21, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-004 and 2002-005.

**Internal Control Over Financial Reporting
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above as item 2002-004 is a material weakness. We also 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 21, 2003.

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



Betty Montgomery
Auditor of State

August 21, 2003

VILLAGE OF QUINCY
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-001

Noncompliance

Ohio Rev. Code Section 731.14 states all contracts made by the legislative authority of a municipal government for material and labor which exceed \$15,000 dollars are subject to competitive bidding procedures. The procedures require a contract be entered into in writing with the lowest and best bidder after advertisement of the proposal for bids for not less than two nor more than four consecutive weeks in a newspaper of general circulation within the municipality.

The Village did not competitively bid the 2001 road paving project in the amount of \$25,325.

The Village should implement internal control procedures to help ensure that it follows the Ohio Revised Code bidding requirements.

FINDING NUMBER 2002-002

Noncompliance

Ohio Rev. Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

During 2001, the Village's Enterprise Sewer Fund actual revenue was greater than estimated in the amount of \$36,536. In this instance, the Village appropriated and spent the additional revenue without obtaining an Amended Certificate of Estimated Revenue from the County Budget Commission.

By not amending its certificate of estimated resources, the Village can not make reasonable decisions regarding the monies it has available for appropriation and expenditure. The Village should monitor its budgeted revenues versus its actual revenues throughout the year and amend its certificate of estimated resources accordingly.

FINDING NUMBER 2002-003

Noncompliance

Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

**FINDING NUMBER 2002-003
(Continued)**

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

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous 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.

Amounts less than \$3,000 for villages may be paid by the fiscal officer without such certificate 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.

Seventy one percent of the transactions tested were not certified by the Clerk/Treasurer prior to making orders for the expenditure of Village funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to help ensure compliance with this requirement, but to help prevent the unauthorized obligation of Village funds.

FINDING NUMBER 2002-004

Material Weakness

Accuracy and Completeness of Financial Reporting

In order to provide financial reporting that reflects the true activity of an entity, procedures should be in place to assist in the accuracy and completeness of the adopted budget and revenues and expenditures reported in the accounting records. During 2002 and 2001, the Village accounting records did not always include the estimated revenues and expenditures as approved in budgetary forms; did not correctly classify revenues and debt expenditures; did not reflect grant money spent on the behalf of the Village; did not reflect the complete schedule of outstanding debt; and did not include all interest earned in depository accounts. The Village also classified loan proceeds for a sewer project as a Governmental Capital Projects Fund rather than an Enterprise Sewer Capital Projects Fund.

The Village should implement procedures that require a periodic review of the accounting records to help assure the completeness and accuracy of the recorded budgetary amounts and of the financial transactions. Evidence of the performance of these procedures should be maintained by the Village.

FINDING NUMBER 2002-005

Reportable Condition

Monitoring of Financial Activity

To assist in the management of financial resources, a governing body should periodically review and approve financial statements. In addition, to help assure accountability over recorded activity, and deposit and investment balances, the governing body should review and approve monthly bank to book reconciliations. To facilitate the governing body's review of this financial information, the financial officer should maintain accounting records that reflect the current financial activity. The Village's Council and Board of Public Affairs did not receive financial reports during 2002 and 2001. In addition, in some instances there were several months between the time the financial transaction occurred, and the time it was recorded in the accounting records.

The failure of the Village's governing bodies to monitor the financial activity of the Village could result in financial objectives not being achieved; the violation of Ohio Rev. Code laws, Village Ordinances, grant requirements, or debt covenants; or errors and/or irregularities occurring and not being detected in a timely manner.

The Village should implement monitoring procedures that requires the monthly review of financial reports such as budget versus actual and fund balance, along with the monthly bank to book reconciliation. In addition, a periodic review should be done to help assure that the accounting records are up to date. Evidence of these monitoring procedures should be evidenced by signatures or initials on the documents reviewed and/or mention in the minutes.

**VILLAGE OF QUINCY
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30246-001	Ohio Rev. Code Section 5705.41(D) – prior certification of expenditures	No	Repeated as finding 2002-003
2000-30246-002	Issued checks/reporting	Yes	
2000-30246-003	Authorized signatories	Yes	
2000-30246-004	Monitoring of financial reporting	No	Repeated as finding 2000-005



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VILLAGE OF QUINCY

LOGAN 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
NOVEMBER 6, 2003**