

**VILLAGE OF QUINCY**  
LOGAN COUNTY, OHIO

**Financial Statements**  
**(Audited)**

**For the Years Ended**  
**December 31, 2019 and 2018**





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Members of Council  
Village of Quincy  
115 N. Main Street  
Quincy, Ohio 43343

We have reviewed the *Independent Auditor's Report* of the Village of Quincy, Logan County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Quincy is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

August 7, 2020

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**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

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## Independent Auditor's Report

Village of Quincy  
Logan County  
115 N. Main Street  
Quincy, Ohio 43343

To the Members of Council and Mayor:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Quincy, Logan County, Ohio, as of and for the years ended December 31, 2019 and 2018.

### *Management's Responsibility for the Financial Statements*

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### *Auditor's Responsibility*

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Quincy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Quincy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village of Quincy prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of Quincy does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Quincy as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Quincy, Logan County, Ohio, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village of Quincy. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020, on our consideration of the Village of Quincy'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 of Quincy's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 29, 2020



**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and other taxes	\$ 12,320	\$ 13,429	\$ 25,749
Municipal income tax	82,935	-	82,935
Intergovernmental	28,317	399,246	427,563
Charges for services	7,240	-	7,240
Fines, licenses and permits	3,530	-	3,530
Earnings on Investments	994	126	1,120
Miscellaneous	2,863	59	2,922
Total cash receipts	<u>138,199</u>	<u>412,860</u>	<u>551,059</u>
Cash disbursements:			
Current:			
Security of persons and property	23,634	6,433	30,067
Leisure time activities	26,863	-	26,863
Transportation	-	61,772	61,772
General government	68,109	-	68,109
Capital outlay	12,190	370,102	382,292
Debt service:			
Principal retirement	-	3,000	3,000
Interest and fiscal charges	1,635	1,000	2,635
Total cash disbursements	<u>132,431</u>	<u>442,307</u>	<u>574,738</u>
Total cash receipts over/(under) cash disbursements	<u>5,768</u>	<u>(29,447)</u>	<u>(23,679)</u>
Special Item	3,615	-	3,615
Extraordinary Item	<u>13</u>	<u>-</u>	<u>13</u>
Net change in fund cash balances	9,396	(29,447)	(20,051)
Fund cash balances, January 1, 2019	<u>44,137</u>	<u>86,691</u>	<u>130,828</u>
Fund cash balances, December 31, 2019			
Restricted	-	57,244	57,244
Assigned	53,533	-	53,533
Fund cash balances, December 31, 2019	<u>\$ 53,533</u>	<u>\$ 57,244</u>	<u>\$ 110,777</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
BALANCES (REGULATORY CASH BASIS) - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 342,204
Miscellaneous	65
Total operating cash receipts	342,269
Operating cash disbursements:	
Personal services	92,178
Fringe benefits	13,492
Contractual services	90,537
Supplies and materials	61,126
Other	1,020
Total operating cash disbursements	258,353
Operating income/(loss)	83,916
Nonoperating cash receipts/(disbursements):	
Earnings on Investments	24
Intergovernmental	18,370
Capital outlay	(65,959)
Miscellaneous Receipts	1,151
Debt service:	
Principal	(26,024)
Interest	(4,953)
Total nonoperating cash receipts/(disbursements)	(77,391)
Net change in fund cash balances	6,525
Fund cash balances, January 1, 2019	260,410
Fund cash balances, December 31, 2019	\$ 266,935

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 1 - REPORTING ENTITY**

The Village of Quincy, Logan 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 repairs and maintenance and contractual fire and rescue operations. The Village contracts with the Logan County Sheriff's department to provide patrolling and shares with Miami Township, Logan County for fire and rescue service. The Village of Quincy shares a Joint Sewer Plant with the Village of DeGraff, Logan County based on the flow rate average determined in July of each year and implemented January 1 of the following year. The Logan County Sheriff service bills the Village on a monthly basis for a number of hours as determined by Council for an agreed charge per hour by an agreement between the Village of Quincy and the Logan County Sheriff. The Village of Quincy contracts with the Miami Township in Logan County. The Village of Quincy provides the building and utilities as well as salary for the Fire Chief and Squad Chief and the Miami Township Trustees provide the equipment, supplies, and volunteers to run the equipment.

***Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in jointly governed organizations, joint ventures, and a public entity risk pool. Notes 6, 10, and 11 to the financial statements provide additional information for these entities. 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 the proprietary fund type which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds 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 the proceeds of 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*** 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.

***State Highway Fund*** The State Highway Fund also received money from State and County sources that are restricted for use by the Village for extra maintenance on the State Highway that runs through the Village. The highway maintained is State Route #235.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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 of the residents and commercial users located within the Village.

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

***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) 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 unencumbered 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 carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

***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*** 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*** 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 purposes 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.

***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.

***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Village Administration and that are either unusual in nature or infrequent in occurrence.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 3 - BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,400	\$141,827	\$20,427
Special Revenue	413,947	412,860	(1,087)
Enterprise	311,106	361,814	50,708
Total	\$846,453	\$916,501	\$70,048

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$162,937	\$132,932	\$30,005
Special Revenue	500,638	442,307	58,331
Enterprise	571,516	355,289	216,227
Total	\$1,235,091	\$930,528	\$304,563

**NOTE 4 - DEPOSITS**

The Village maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2019 was as follows:

	2019
Demand Deposits	\$ 377,712

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village of Quincy or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The Village's deposits are collateralized by the financial institutions (Civista Bank) public entity deposit pool. The financial institution is in the process of joining the OPCS.

**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 homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments of the taxes assessed are due as determined by Logan County.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

***Income Taxes***

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**NOTE 6 - RISK MANAGEMENT**

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village of Quincy's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

***Workers' Compensation***

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.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

All employees of the Village of Quincy 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 postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**NOTE 9 - DEBT**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
USDA Fire Department Addition	\$59,000	4.25%
OPWC Water Treatment Plant (CT400)	132,580	0.00%
Civista Bank Well #4	14,931	4.74%
OWDA Joint Sewer Plant (3879)	937,227	1.50%
Total	\$1,143,738	

The Ohio Water Development Authority (OWDA) loan 3879 relates to the wastewater treatment plant improvement with the Village of DeGraff. The payments are allocated with the Village of Quincy covering approximately 30% and the Village of DeGraff covering approximately 70%. The entire loan balance collectively owed by the Villages is disclosed in the above chart. The Villages will repay the loan in semiannual installments of \$36,473.81, over 30 years. Debt is paid from the Sewer Fund.

The Ohio Public Works Commission (OPWC) loan CT400 relates to the water treatment plant upgrade. The OPWC approved up to \$162,343.00 in loans to the Village for this project. The Village will repay the loan in semiannual installments of \$2,705.72, over 30 years. Debt is paid from the Water and Water Surcharge funds.

The United States Department of Agriculture loan relates to an addition to the Quincy-Miami Township Fire and Rescue Building. Debt is paid from the General Fund and Fire Fund.

The Village obtained a loan from Civista Bank to replace a depleted well. The original loan for the well was \$34,805. The Village will repay the loan in monthly installments of \$653.73. Debt is paid from the Water Fund.



**VILLAGE OF QUINCY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

***Amortization***

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

Year Ending December 31:	OWDA Loan	OPWC Loan	USDA Loan	Civista Bank Loan
2020	\$72,948	\$5,411	5,508	7,845
2021	72,948	5,411	5,380	7,845
2022	72,948	5,411	5,253	0
2023	72,948	5,411	5,125	0
2024	72,948	5,411	4,998	0
2025-2029	364,740	27,055	23,074	0
2030-2034	328,266	27,055	19,907	0
2035-2039	0	27,055	13,828	0
2040-2044	0	24,360	2,085	0
Total	<u>\$1,057,746</u>	<u>\$132,580</u>	<u>\$85,158</u>	<u>\$15,690</u>

**NOTE 10 - JOINT VENTURES**

The Village of Quincy and the Village of DeGraff jointly own a sewer plant that handles the sewage for both Villages. Quincy is the lead village and the financial information reflects the entire loan for the plant. Expenses of operation and a portion of the loan payments are determined by an averaged flow rate that is determined after June 30 each year. Each month a list of expenses is presented for review and reimbursement from the Village of DeGraff to the Village of Quincy. A Joint Sewer Board has been established to keep each Village informed on the operation of the plant and reviewing of bills presented for reimbursement. Each Village has a member representing their council and each Village's Administrator attend these meetings. The Mayors rotate every other year and both Fiscal Officers attend the meeting. The Village of Quincy prepares the bills and the Village of Quincy does the minutes of the meeting.

**NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS**

The Village of Quincy is a member of the Logan-Union-Champaign Regional Planning Commission. The Village appoints a member of Council to represent the Village of Quincy. The Commission is a statutorily created public subdivision of the State of Ohio. The Commission is jointly governed by representatives from Logan, Union, and Champaign Counties in Ohio. Each member's control over the operation of the Commission is limited to its representation on the Commission makes studies, maps, plans, recommendations and reports concerning the physical environmental social, economic, and governmental characteristics functions, and services of the Counties involved.

The Village of Quincy shares in the Logan County Solid Waste Management group. The group supplies the equipment and handles all of the recycling. A machine for recycle bags is provided and the group provides someone to maintain the area. The Village provides the land the recycle units are setting on. If profit is made for the year each entity that participates in the program received a portion of the profit based on the tonnage collected.

**VILLAGE OF QUINCY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 12 - COMPLIANCE**

- A. The Village did not timely certify expenditures, in noncompliance with Ohio Revised Code Section 5705.41(D).
- B. The Village did not properly record CDBG on-behalf payments, in noncompliance with Ohio Revised Code Sections 5705.42 and 5705.41.

**NOTE 13 - SUBSEQUENT EVENT**

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future resources and obligations, cannot be estimated.

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Property and other taxes	\$ 13,129	\$ 14,064	\$ -	\$ 27,193
Municipal income tax	67,861	-	-	67,861
Intergovernmental	27,381	42,960	-	70,341
Charges for services	5,440	-	-	5,440
Fines, licenses and permits	3,410	-	-	3,410
Earnings on Investments	347	85	-	432
Miscellaneous	4,680	-	-	4,680
Total cash receipts	<u>122,248</u>	<u>57,109</u>	<u>-</u>	<u>179,357</u>
Cash disbursements:				
Current:				
Security of persons and property	23,693	6,644	-	30,337
Leisure time activities	23,207	-	-	23,207
Transportation	-	33,920	-	33,920
General government	68,077	-	-	68,077
Capital outlay	10,195	15,055	1,665	26,915
Debt service:				
Principal retirement	-	3,537	-	3,537
Interest and fiscal charges	763	2,116	-	2,879
Total cash disbursements	<u>125,935</u>	<u>61,272</u>	<u>1,665</u>	<u>188,872</u>
Total cash receipts over/(under) cash disbursements	<u>(3,687)</u>	<u>(4,163)</u>	<u>(1,665)</u>	<u>(9,515)</u>
Net change in fund cash balances	(3,687)	(4,163)	(1,665)	(9,515)
Fund cash balances, January 1, 2018	<u>47,824</u>	<u>90,854</u>	<u>1,665</u>	<u>140,343</u>
Fund cash balances, December 31, 2018				
Restricted	-	86,691	-	86,691
Assigned	41,537	-	-	41,537
Unassigned	2,600	-	-	2,600
Fund cash balances, December 31, 2018	<u>\$ 44,137</u>	<u>\$ 86,691</u>	<u>\$ -</u>	<u>\$ 130,828</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
BALANCES (REGULATORY CASH BASIS) - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 280,988
Miscellaneous	30
Total operating cash receipts	281,018
Operating cash disbursements:	
Personal services	87,051
Fringe benefits	12,623
Contractual services	79,951
Supplies and materials	50,943
Other	544
Total operating cash disbursements	231,112
Operating income/(loss)	49,906
Nonoperating cash receipts/(disbursements):	
Capital outlay	(29,736)
Miscellaneous Receipts	252
Debt service:	
Principal	(28,218)
Interest	(5,615)
Total nonoperating cash receipts/(disbursements)	(63,317)
Net income/(loss)	(13,411)
Fund cash balances, January 1, 2018	273,821
Fund cash balances, December 31, 2018	\$ 260,410

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 1 - REPORTING ENTITY**

The Village of Quincy, Logan 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 repairs and maintenance and contractual fire and rescue operations. The Village contracts with the Logan County Sheriff's department to provide patrolling and shares with Miami Township, Logan County for fire and rescue service. The Village of Quincy shares a Joint Sewer Plant with the Village of DeGraff, Logan County based on the flow rate average determined in July of each year and implemented January 1 of the following year. The Logan County Sheriff service bills the Village on a monthly basis for a number of hours as determined by Council for an agreed charge per hour by an agreement between the Village of Quincy and the Logan County Sheriff. The Village of Quincy contracts with the Miami Township in Logan County. The Village of Quincy provides the building and utilities as well as salary for the Fire Chief and Squad Chief and the Miami Township Trustees provide the equipment, supplies, and volunteers to run the equipment.

***Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in jointly governed organizations, joint ventures, and a public entity risk pool. Notes 6, 10, and 11 to the financial statements provide additional information for these entities. 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 the proprietary fund type which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds 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 the proceeds of 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*** 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 and Rescue Fund*** The Fire and Rescue Fund is an unending levy to fund the maintenance and operation of the Fire and Rescue building. This fund helps to maintain the building, utility bills, and insurance for the building. There is an addition to the existing building that has an outstanding loan and funds for this account repays that debt.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**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:

**Grant Construction- Fire Department Fund** – This fund accounted for grant monies for the Fire Department.

**Fire Department Addition Fund** – This fund accounted for funds borrowed for the construction of a building used to house the fire department.

**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 of the residents and commercial users located within the Village.

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

***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) 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. 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 carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

***Deposits***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***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*** 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*** 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 purposes 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.

***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.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 3 - BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,400	\$122,248	\$848
Special Revenue	53,470	57,109	3,639
Enterprise	290,600	281,270	(9,330)
Total	\$465,470	\$460,627	(\$4,843)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$163,070	\$125,935	\$37,135
Special Revenue	134,824	61,272	73,552
Capital Projects	1,665	1,665	-
Enterprise	572,117	294,681	277,436
Total	\$871,676	\$483,553	\$388,123

**NOTE 4 - DEPOSITS**

The Village maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2018 was as follows:

	2018
Demand Deposits	\$ 391,238

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village of Quincy or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The Village's deposits are collateralized by the financial institutions (Civista Bank) public entity deposit pool. The financial institution is in the process of joining the OPCS.

**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 homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments of the taxes assessed are due as determined by Logan County.



**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

***Income Taxes***

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**NOTE 6 - RISK MANAGEMENT**

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village of Quincy's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$ 12,965,015

***Workers' Compensation***

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.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

All employees of the Village of Quincy 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 postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**NOTE 9 - DEBT**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Joint Sewer Plant (3879)	\$987,531	1.50%
OPWC Water Treatment Plant (CT400)	137,992	0.00%
USDA Fire Department Addition	62,000	4.25%
Civista Bank Well #4	21,877	4.74%
Total	<u>\$1,209,400</u>	

The Ohio Water Development Authority (OWDA) loan 3879 relates to the wastewater treatment plant improvement with the Village of DeGraff. The payments are allocated with the Village of Quincy covering approximately 30% and the Village of DeGraff covering approximately 70%. The entire loan balance collectively owed by the Villages is disclosed in the above chart. The Villages will repay the loan in semiannual installments of \$36,473.81, over 30 years. Debt is paid from the Sewer Fund.

The Ohio Public Works Commission (OPWC) loan CT400 relates to the water treatment plant upgrade. The OPWC approved up to \$162,343.00 in loans to the Village for this project. The Village will repay the loan in semiannual installments of \$2,705.72, over 30 years. Debt is paid from the Water and Water Surcharge funds.

The United States Department of Agriculture loan relates to an addition to the Quincy-Miami Township Fire and Rescue Building. Debt is paid from the General Fund and Fire Fund.

The Village obtained a loan from Civista Bank to replace a depleted well. The original loan for the well was \$34,805. The Village will repay the loan in monthly installments of \$653.73. Debt is paid from the Water Fund.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

***Amortization***

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

Year Ending December 31:	OWDA Loan	OPWC Loan	USDA Loan	Civista Bank Loan
2019	\$72,948	\$5,411	\$5,635	\$7,845
2020	72,948	5,411	5,508	7,845
2021	72,948	5,411	5,380	7,845
2022	72,948	5,411	5,253	0
2023	72,948	5,411	5,125	0
2024-2028	364,740	27,055	23,712	0
2029-2033	364,740	27,055	20,545	0
2034-2038	36,474	27,055	15,380	0
2039-2043	0	27,055	4,255	0
2044	0	2,717	0	0
Total	<u>\$1,130,694</u>	<u>\$137,992</u>	<u>\$90,793</u>	<u>\$23,535</u>

**NOTE 10 - JOINT VENTURES**

The Village of Quincy and the Village of DeGraff jointly own a sewer plant that handles the sewage for both Villages. Quincy is the lead village and the financial information reflects the entire loan for the plant. Expenses of operation and a portion of the loan payments are determined by an averaged flow rate that is determined after June 30 each year. Each month a list of expenses is presented for review and reimbursement from the Village of DeGraff to the Village of Quincy. A Joint Sewer Board has been established to keep each Village informed on the operation of the plant and reviewing of bills presented for reimbursement. Each Village has a member representing their council and each Village's Administrator attend these meetings. The Mayors rotate every other year and both Fiscal Officers attend the meeting. The Village of Quincy prepares the bills and the Village of Quincy does the minutes of the meeting.

**NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS**

The Village of Quincy is a member of the Logan-Union-Champaign Regional Planning Commission. The Village appoints a member of Council to represent the Village of Quincy. The Commission is a statutorily created public subdivision of the State of Ohio. The Commission is jointly governed by representatives from Logan, Union, and Champaign Counties in Ohio. Each member's control over the operation of the Commission is limited to its representation on the Commission makes studies, maps, plans, recommendations and reports concerning the physical environmental social, economic, and governmental characteristics functions, and services of the Counties involved.

The Village of Quincy shares in the Logan County Solid Waste Management group. The group supplies the equipment and handles all of the recycling. A machine for recycle bags is provided and the group provides someone to maintain the area. The Village provides the land the recycle units are setting on. If profit is made for the year each entity that participates in the program received a portion of the profit based on the tonnage collected.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 12 - COMPLIANCE**

- A. The Village has appropriations in excess of estimated resources, in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.
- B. The Village had appropriations in excess of actual resources, in noncompliance with Ohio Revised Code Section 5705.36(A)(4).
- C. The Village did not timely certify expenditures, in noncompliance with Ohio Revised Code Section 5705.41(D).

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Village of Quincy  
Logan County  
115 N. Main Street  
Quincy, Ohio 43343

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Quincy, Logan County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 29, 2020, wherein we noted the Village of Quincy followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. In addition, as discussed in Note 13 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of Quincy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Quincy's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Quincy's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2019-004 and 2019-005 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village of Quincy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2019-001 through 2019-003, 2019-005, and 2019-006.

***Village of Quincy's Responses to Findings***

The Village of Quincy's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject the Village of Quincy's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village of Quincy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Quincy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
May 29, 2020

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Noncompliance

Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources for the year ending December 31, 2018 in the following fund:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Enterprise Fund:			
Water Fund	\$ 128,921	\$ 166,079	\$ 37,158

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Village will continue to attempt to modify appropriations and amended certificates in an efficient and accurate manner.

Finding Number	2019-002
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Noncompliance

Ohio Revised Code Section 5705.36, in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected be greater or less than the amount in the last certified amended certificate.

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2019-002- (Continued)

During the year ended December 31, 2018, the Village did not request enough amended certificates throughout the year upon notice of increased or decreased resources, thus causing appropriations to exceed estimated resources.

By not timely amending its certificate of estimated resources to the County Auditor, the Village is basing appropriation and expenditure decisions on outdated information.

We recommend the Village consult the Ohio Compliance Supplement, the Village’s Manual and its auditors to ensure it files amended certificates as necessary throughout the year. This will facilitate the Village’s appropriation process.

*Client Response:* The Village is attempting to monitor the budget more closely.

Finding Number	2019-003
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Noncompliance

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The Village had appropriations that were greater than actual resources for the year ending December 31, 2018 in the following fund:

<u>Fund Type/Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Enterprise Fund:</u>			
Water Fund	\$ 124,830	\$ 166,079	\$ 41,249

By appropriating more funds than actual resources, the Village is at risk of spending more money than available; this may result in negative fund balances.

We recommend the Village monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State bulletin 97-010.

*Client Response:* The Village will monitor appropriations and amend when necessary.



**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2019-004

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the year-end UAN reports to ensure activity is reported in the correct line items, all on-behalf activity is included, and fund balances are properly classified.

Adjustments were made to the financial statements to properly record significant transactions during the audit period.

- During 2018, the Village improperly recorded \$4,453 of Capital Outlay Disbursements in the General Fund. These amounts should have been recorded as General Government Disbursements.
- During 2018, the Village improperly recorded \$4,453 of Capital Outlay Disbursements in the Street Construction Maint. & Repair Fund. These amounts should have been recorded as Transportation Disbursements.
- During 2018, the Village improperly recorded \$4,453 of Capital Outlay Disbursements in the Water Fund and Sewer Funds, respectively. These amounts should have been recorded as Contract Services Disbursements.
- During 2018, the Village improperly recorded \$6,523 of Property and Other Taxes in the General Fund. These amounts should have been recorded as Municipal Income Tax.
- During 2018, the Village improperly recorded \$41,537 of the Unassigned Fund Balance in the General Fund. This amount should have been recorded as an Assigned Fund Balance.
- During 2019, the Village improperly recorded \$4,331 of Capital Outlay Disbursements in the General Fund. These amounts should have been recorded as General Government Disbursements.
- During 2019, the Village improperly recorded \$4,331 of Capital Outlay Disbursements in the Street Construction Maint. & Repair Fund. These amounts should have been recorded as Transportation Disbursements.
- During 2019, the Village improperly recorded \$4,331 of Capital Outlay Disbursements in the Water Fund and Sewer Funds, respectively. These amounts should have been recorded as Contract Services Disbursements.
- During 2019, the Village did not properly record on-behalf Community Development Block Grant payments. The Village failed to report \$361,527 in Intergovernmental Receipts and Capital Outlay Disbursements in the Special Revenue Fund Type. See more detail at 2019-005.

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2019-004- (Continued)

- During 2019, the Village did not properly record on-behalf Community Development Block Grant payments. The Village failed to report \$18,370 in Intergovernmental Nonoperating Receipts and Capital Outlay Nonoperating Disbursements in the Enterprise Fund Type. See more detail at 2019-005.
- During 2019, the Village improperly recorded \$53,533 of the Unassigned Fund Balance in the General Fund. This amount should have been recorded as an Assigned Fund Balance.

The financial statements and notes have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village’s activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Village will closely monitor all transactions to ensure accurate financial reporting in the future.

Finding Number	2019-005
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Material Weakness/Noncompliance – CDBG On-Behalf Payments

Ohio Rev. Code § 5705.42 states when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of section 5705.41 of the Revised Code. In addition, Auditor of State (AOS) Bulletin 2000-008 indicates that when a local government enters into an on-behalf-of program agreement with another local government or the state, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2019-005- (Continued)

The Village entered into agreements with the State Community Development Block Grant (CDBG) Program for a grant during the year ending December 31, 2019. The CDBG will make payments to the contractor(s) for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the state will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and disbursement in the appropriate governmental and/or enterprise fund equal to the amount disbursed by the CDBG.

The Village did not record the payments made directly to contractors as part of the CDBG project. In 2019, the Village failed to report \$361,527 in CDBG intergovernmental receipts and \$361,527 in CDBG capital outlay disbursements in the special revenue fund type for sidewalk improvements. Additionally, in 2019, the Village failed to report \$18,370 in CDBG intergovernmental nonoperating receipts and \$18,370 in CDBG capital outlay nonoperating disbursements in the enterprise fund type for water facility improvements. The financial statements and notes have been adjusted to properly report the activity.

The failure to record grant activity results in understated receipts and disbursements on the financial statements and understated obligations in the financial statement notes.

To improve financial reporting, the Village should establish procedures to account for all payments made directly to contractors to ensure that the financial statements reflect the receipts and disbursements for all grant activity.

*Client Response:* The Fiscal Officer will work to provide a sound fiscal environment for the Village and is in the process of evaluating other options to help improve the Village’s policies and procedures associated with financial statement presentation.

Finding Number	2019-006
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Noncompliance

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

The Village had 21% and 33% of expenditures that were not timely certified for the years ended December 31, 2019 and 2018, respectively.

Without timely certification, the Village may expend more funds than available in the Treasury, in the process of collection or in the funds appropriated. It may also result in unnecessary purchases.

VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2019-006- (Continued)

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Village is continually trying to improve its ordering and purchasing process to decrease its noncompliance percentage.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF QUINCY**

**LOGAN 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 8/20/2020**

88 East Broad 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)