

**VILLAGE OF QUINCY**  
LOGAN COUNTY, OHIO

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2021 & 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council and Mayor  
Village of Quincy  
115 N. Main Street  
Quincy, OH 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, 2020 through December 31, 2021. 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.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 21, 2022

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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 the Village Council:

### Report on the Audit of the Financial Statements

#### *Unmodified and Adverse Opinions*

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Quincy, Logan County, Ohio, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Quincy, as of and for the years ended December 31, 2021 and 2020 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*” section of our report, the accompanying financial statements 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, 2021 and 2020, or changes in financial position, and cash flows thereof for the years then ended.

#### *Basis for Opinions*

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

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

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

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(C) permit. Our opinion on this accounting basis is in the “*Unmodified Opinion on Regulatory Basis of Accounting*” paragraph above.

***Emphasis of Matter***

As described in Note 14 and Note 16 to the financial statements for the years ended December 31, 2021 and 2020, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Quincy. Our opinions are not modified with respect to this matter.

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Quincy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Quincy's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2022 on our consideration of the Village of Quincy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Quincy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Quincy's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
August 26, 2022

**Village of Quincy, Ohio**  
*Logan County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2021*

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 15,170	\$ 15,869	\$ 31,039
Municipal Income Tax	109,318	-	109,318
Intergovernmental	33,761	151,930	185,691
Charges for Services	7,100	-	7,100
Fines, Licenses and Permits	3,796	-	3,796
Earnings on Investments	409	49	458
Miscellaneous	1,735	26	1,761
<i>Total Cash Receipts</i>	<u>171,289</u>	<u>167,874</u>	<u>339,163</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	21,653	5,190	26,843
Leisure Time Activities	20,711	-	20,711
Transportation	-	26,909	26,909
General Government	71,226	4,490	75,716
Capital Outlay	5,250	83,239	88,489
Debt Service:			
Principal Retirement	-	3,000	3,000
Interest and Fiscal Charges	-	2,380	2,380
<i>Total Cash Disbursements</i>	<u>118,840</u>	<u>125,208</u>	<u>244,048</u>
<i>Net Change in Fund Cash Balances</i>	52,449	42,666	95,115
<i>Fund Cash Balances, January 1</i>	<u>70,404</u>	<u>86,041</u>	<u>156,445</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 122,853</u>	<u>\$ 128,707</u>	<u>\$ 251,560</u>

*See accompanying notes to the financial statements*

**Village of Quincy, Ohio**  
*Logan County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 353,514
<i>Total Operating Cash Receipts</i>	<i>353,514</i>
<b>Operating Cash Disbursements</b>	
Personal Services	101,408
Employee Fringe Benefits	15,291
Contractual Services	80,620
Supplies and Materials	76,664
Other	702
<i>Total Operating Cash Disbursements</i>	<i>274,685</i>
<i>Operating Income (Loss)</i>	<i>78,829</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	134
Capital Outlay	(36,742)
Principal Retirement	(40,070)
Interest and Other Fiscal Charges	(5,984)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(82,662)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(3,833)</i>
<i>Fund Cash Balances, January 1</i>	<i>341,879</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 338,046</i>

*See accompanying notes to the financial statements*

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Quincy (the Village), 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, and street maintenance. The Village contracts with the Logan County Sheriff's department to provide security of persons and property. The Village contracts with the Village of Degraff to operate a Joint Sewer Plant and Miami Township to receive fire protection and squad services. The Village of Quincy provides the building and pays a fire chief and squad chief. Miami Township provides the equipment such as squads, fire trucks, and maintaining the equipment.

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

The Village participates in two jointly governed organizations, a joint venture, and a public entity risk pool. Notes 7, 11, and 12 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**

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all 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, motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village as well as a permissive tax.

***State Highway*** The highway fund is the result of an account reports 7.5% of the State gasoline tax and motor vehicle license registration fees restricted for use on major highway projects.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Street Levy (Fund #2901)** This fund was put in place as a levy voted on by the property owners in the Village of Quincy to provide maintenance and repairs to streets in need of attention. The levy did not pass election several years ago and the balance in the fund is being used when necessary for major projects.

**Fire Department Levy (Fund #2902)** This levy is a continuing levy to pay for the original fire department building and now for the addition to the 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 to 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made. These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

**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 2021 budgetary activity appears in Note 4.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Deposits and Investments***

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.

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.

***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.

***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:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Compliance**

The Village did not properly establish a separate fund for the Local Fiscal Recovery monies, in noncompliance with Ohio Revised Code Section 5705.09(F).

The Village is in noncompliance with 5705.41(D) for having expenditures not timely certified.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$115,728	\$171,289	\$55,561
Special Revenue	176,037	167,874	(8,163)
Enterprise	391,600	353,648	(37,952)
<b>Total</b>	<b>\$683,365</b>	<b>\$692,811</b>	<b>\$9,446</b>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$189,132	\$123,897	\$65,235
Special Revenue	262,078	144,096	117,982
Enterprise	733,479	357,481	375,998
<b>Total</b>	<b>\$1,184,689</b>	<b>\$625,474</b>	<b>\$559,215</b>

**Note 5 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit and segregated accounts are as follows:

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$303,667
Certificates of deposit	285,939
Total deposits	589,606
 <b><i>Segregated Accounts - Not held in the Pool:</i></b>	
Utility Deposit Account	\$1,210
Total Outside Accounts	\$1,210

The Village also maintains a segregated utility deposit account that is not included in its accounting software, or as part of this pool. The total monthly collections are transferred to the Village's regular checking account.

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

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

**Note 6 – Taxes**

***Property Taxes***

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

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

***Income Taxes***

The Village levies a municipal income tax of 1.00 percent 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.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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The Village contracts with the Regional Income Tax Agency to collect local income taxes and to pursue delinquent taxpayers. Village. Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 – Risk Management**

***Risk Pool Membership***

The (local entity) 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 (local entity'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>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$14,974,099

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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, 2021.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Fire Department Addition	\$53,000	4.25%
OPWC Water Treatment Plant (CT400)	\$121,758	0.00%
OWDA Joint Sewer Plant (3879)	<u>\$818,062</u>	1.50%
Total	<u>\$992,820</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 \$36,474, over 30 years. Debt is paid from the Sewer Fund. See note 11 for additional information.

The Ohio Public Works Commission (OPWC) loan CT400 relates to the water treatment plant upgrade. The OPWC approved up to \$162,343 as a loan to the Village for this project. The Village will repay the loan in semiannual installments of \$2,706, 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 Fire Department Fund (a Special Revenue Fund Type).

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 \$654. Debt is paid from the Water and Water Surcharge Funds. This debt was fully retired in 2021.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

***Amortization***

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

Year Ending December 31:	OWDA Loan	USDA Loan	OPWC Loan
2022	\$72,948	\$5,253	\$5,411
2023	72,948	5,125	5,411
2024	72,948	4,998	5,411
2025	72,948	4,870	5,411
2026	72,948	4,743	5,411
2027-2031	364,740	21,801	27,055
2032-2036	182,370	18,614	27,055
2037-2041	0	8,850	27,055
2042-2044	0	0	13,538
Total	\$911,850	\$74,254	\$121,758

**Note 10 – Contingent Liabilities**

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

**Note 11 – 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 meetings.

**Note 12 – 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.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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.

**Note 13 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 5,056	\$ 18,888	\$ 23,944
<i>Total</i>	<i>\$5,056</i>	<i>\$18,888</i>	<i>\$23,944</i>

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 15 – Postemployment Benefits**

OPERS offers a 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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

**Village of Quincy, Ohio**  
*Logan County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 14,386	\$ 14,794	\$ 29,180
Municipal Income Tax	94,873	0	94,873
Intergovernmental	32,683	267,229	299,912
Charges for Services	4,410	0	4,410
Fines, Licenses and Permits	3,876	0	3,876
Earnings on Investments	516	60	576
Miscellaneous	892	0	892
<i>Total Cash Receipts</i>	<u>151,636</u>	<u>282,083</u>	<u>433,719</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	22,575	6,587	29,162
Leisure Time Activities	28,019	0	28,019
Transportation	0	30,233	30,233
General Government	70,973	0	70,973
Capital Outlay	7,690	216,466	224,156
Debt Service:			
Principal Retirement	3,000	0	3,000
Interest and Fiscal Charges	2,508	0	2,508
<i>Total Cash Disbursements</i>	<u>134,765</u>	<u>253,286</u>	<u>388,051</u>
<i>Net Change in Fund Cash Balances</i>	16,871	28,797	45,668
<i>Fund Cash Balances, January 1</i>	<u>53,533</u>	<u>57,244</u>	<u>110,777</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 70,404</u>	<u>\$ 86,041</u>	<u>\$ 156,445</u>

*See accompanying notes to the financial statements*

**Village of Quincy, Ohio**  
*Logan County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2020*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 417,759
<i>Total Operating Cash Receipts</i>	<i>417,759</i>
<b>Operating Cash Disbursements</b>	
Personal Services	98,671
Employee Fringe Benefits	14,800
Contractual Services	90,825
Supplies and Materials	61,147
Other	592
<i>Total Operating Cash Disbursements</i>	<i>266,035</i>
<i>Operating Income (Loss)</i>	<i>151,724</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	246,230
Miscellaneous Receipts	1,062
Capital Outlay	(301,850)
Principal Retirement	(19,436)
Interest and Other Fiscal Charges	(2,786)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(76,780)</i>
<i>Net Change in Fund Cash Balances</i>	<i>74,944</i>
<i>Fund Cash Balances, January 1</i>	<i>266,935</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 341,879</i>

*See accompanying notes to the financial statements*

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Quincy (the Village), 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, and street maintenance. The Village contracts with the Logan County Sheriff's department to provide security of persons and property. The Village contracts with the Village of Degraff to operate a Joint Sewer Plant and Miami Township to receive fire protection and squad services. The Village of Quincy provides the building and pays a fire chief and squad chief. Miami Township provides the equipment such as squads, fire trucks, and maintaining the equipment.

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

The Village participates in two jointly governed organizations, a joint venture, and a public entity risk pool. Notes 7, 11, and 12 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 all proprietary fund types and which are all 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, motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village as well as a permissive tax.

***State Highway*** The highway fund is the result of an account reports 7.5% of the State gasoline tax and motor vehicle license registration fees restricted for use on major highway projects.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Coronavirus Relief*** This fund was money granted through the State of Ohio to aid in preparing and helping with issues related to the Covid relief process by purchasing things that are need to prevent the spread of the virus.

***Street Levy (Fund #2901)*** This fund was put in place as a levy voted on by the property owners in the Village of Quincy to provide maintenance and repairs to streets in need of attention. The levy did not pass election several years ago and the balance in the fund is being used when necessary for major projects.

***Fire Department Levy*** (Fund #2902) This levy is a continuing levy to pay for the original fire department building and now for the addition to the 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 to 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made. These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

***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.

A summary of 2020 budgetary activity appears in Note 4.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Deposits and Investments***

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.

***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.

***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.

***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:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The Village applies restricted resources first when expenditures are incurred for 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.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

**Note 3 – Compliance**

The Village is in noncompliance with Ohio Revised Code Sections 5705.41 and 5705.42 for not properly recording on behalf payments related to a CDBG grant.

The Village is in noncompliance with 5705.41(D) for having expenditures not timely certified.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$151,350	\$151,636	\$286
Special Revenue	256,209	282,083	25,874
Enterprise	608,230	665,051	56,821
<b>Total</b>	<b>\$1,015,789</b>	<b>\$1,098,770</b>	<b>\$82,981</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$205,383	\$134,765	\$70,618
Special Revenue	314,545	253,286	61,259
Enterprise	875,166	590,107	285,059
<b>Total</b>	<b>\$1,395,094</b>	<b>\$978,158</b>	<b>\$416,936</b>

**Note 5 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

Demand deposits	2020 \$498,324
Total deposits	\$498,324
 <i>Segregated Accounts - Not held in the Pool:</i>	
Utility Deposit Account	\$0
Total Outside Accounts	\$0

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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The Village also maintains a segregated utility deposit account, that is not included in its accounting software, or as part of this pool. The total monthly collections are transferred to the Village's regular checking account.

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

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

**Note 6 – Taxes**

***Property Taxes***

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

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

***Income Taxes***

The Village levies a municipal income tax of 1.00 percent 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.

The Village contracts with the Regional Income Tax Agency to collect local income taxes and to pursue delinquent taxpayers. Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 – 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 (local entity'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>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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, 2020.

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Fire Department Addition	\$56,000	4.25%
OPWC Water Treatment Plant (CT400)	129,874	0.00%
Civista Bank Well #4	7,645	4.74%
OWDA Joint Sewer Plant (3879)	888,483	1.50%
Total	<u>\$1,082,002</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 \$36,474, over 30 years. Debt is paid from the Sewer Fund. See Note 11 for additional information.

The Ohio Public Works Commission (OPWC) loan CT400 relates to the water treatment plant upgrade. The OPWC approved up to \$162,343 as a loan to the Village for this project. The Village will repay the loan in semiannual installments of \$2,706, over 30 years. Debt is paid from the Water Surcharge fund.

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.

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 \$654. Debt is paid from the Water and Sewer Funds.

***Amortization***

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

Year Ending December 31:	<u>OWDA Loan</u>	<u>OPWC Loan</u>	<u>USDA Loan</u>	<u>Civista Bank Loan</u>
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	72,948	5,411	4,870	0
2026-2030	364,740	27,055	22,438	0
2031-2035	255,318	27,055	19,251	0
2036-2040	0	27,055	12,318	0
2041-2044	0	21,654	0	0
Total	<u>\$984,798</u>	<u>\$129,874</u>	<u>\$79,633</u>	<u>\$7,845</u>

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Postemployment Benefits**

OPERS offers a 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 11 – 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 meetings.

**Note 12 – 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.

**Note 13 – Contingent Liabilities**

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

**Village of Quincy, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 14 – Change in Accounting Principle**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

**Note 15 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Village had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, would include the outstanding encumbrances if applicable. In the general fund, outstanding encumbrances are considered assigned.

**Note 16 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

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

To the Members of the Village Council:

We have audited, in accordance with the 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Quincy, Logan County, Ohio, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated August 26, 2022, wherein we noted as described in Note 2 to the financial statements, the Village of Quincy followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Furthermore, we noted as described in Note 14 and Note 16 to the financial statements for the years ended December 31, 2021 and 2020, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

***Report on Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 through 2021-004 that we consider to be material weaknesses.

Village of Quincy

Logan County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

As part of obtaining reasonable assurance about whether the Village of Quincy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-002, 2021-003, and 2021-005.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village of Quincy's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village of Quincy's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of This Report***

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



Julian & Grube, Inc.

August 26, 2022

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2021-001

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 and fund balances are properly classified.

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

- During 2020, the Village did not record on-behalf Community Development Block Grant payments. The Village failed to report \$121,459 in Intergovernmental Receipts and Capital Outlay Disbursements in the Special Revenue Fund Type. See more detail at 2021-002.
- During 2020, the Village did not record on-behalf Community Development Block Grant payments. The Village failed to report \$246,230 in Intergovernmental Non-Operating Receipts and Capital Outlay Non-Operating Disbursements in the Enterprise Fund Type. See more detail at 2021-002.
- During 2020, the Village did not record Sales Tax on-behalf payments made by Logan County. The Village failed to report \$7,600 in Intergovernmental Receipts and Capital Outlay Disbursements in the Special Revenue Fund Type.
- During 2020, the Village improperly recorded \$2,790 of Bureau of Workers Compensation receipts as Special Item Receipts in the General Fund. These amounts should have been recorded as Intergovernmental Receipts.
- During 2020, the Village improperly recorded \$5,124 of Bureau of Workers Compensation receipts as Extraordinary Item Receipts in the General Fund. These amounts should have been recorded as Intergovernmental Receipts.
- During 2021, the Village improperly recorded \$36,872 of Local Fiscal Recovery Funds in the General Fund as Extraordinary Item Receipts. These amounts should have been recorded in a separate Local Fiscal Recovery Fund (Special Revenue Fund Type) as Intergovernmental Receipts. See more detail at 2021-003.
- During 2021, the Village improperly recorded \$2,568 of Bureau of Workers Compensation receipts as Special Item Receipts in the General Fund. These amounts should have been recorded as Intergovernmental Receipts.
- During 2021, the Village improperly recorded \$1,000 as Extraordinary Item Receipts in the General Fund. These amounts should have been recorded as Miscellaneous Receipts.
- During 2021, the Village improperly recorded \$4,490 of Insurance disbursements as Capital Outlay Disbursements in the General Fund. These amounts should have recorded as General Government Disbursements.
- During 2021, the Village improperly recorded \$4,490 of Insurance disbursements as Capital Outlay Disbursements in the Special Revenue Fund Type. These amounts should have recorded as General Government Disbursements.
- During 2021, the Village improperly recorded \$8,979 of Insurance disbursements as Capital Outlay Disbursements in the Enterprise Fund Type. These amounts should have recorded as Contractual Services Disbursements.
- During 2021, the Village did not record Sales Tax on-behalf payments made by Logan County. The Village failed to report \$68,065 in Intergovernmental Receipts and Capital Outlay Disbursements in the Special Revenue Fund Type.

The Village has recorded all applicable adjustments in their system.

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (CONTINUED)</b>	
Finding Number	2021-001 – (Continued)

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	2021-002
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Material Weakness/Noncompliance – Community Development Block Grant (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.

The Village entered into agreements with the Logan County Commissioners for their Community Development Block Grant (CDBG) Program. The County’s CDBG Program 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 County 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 County’s CDBG Program.

The Village did not record the payments made directly to contractors as part of the CDBG project. In 2020, the Village failed to report \$121,459 in CDBG Intergovernmental Receipts and \$121,459 in CDBG Capital Outlay Disbursements in the Special Revenue Fund Type for sidewalk improvements. Additionally, in 2020, the Village failed to report \$246,230 in CDBG Intergovernmental Non-Operating Receipts and \$246,230 in CDBG Capital Outlay Non-Operating 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.

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (CONTINUED)</b>	
Finding Number	2021-002 – (Continued)

*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	2021-003
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Material Weakness/Noncompliance – Establishment of Funds

Ohio Revised Code Section 5705.09(F) requires a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

The Village did not establish a separate fund in 2021 for the Local Fiscal Recovery monies.

By not establishing a separate fund, the Village is in noncompliance with the Ohio Revised Code and guidance put forth by the federal government and Ohio Auditor of State. It additionally provides for difficulty in segregating allowable costs.

We recommend that the Village properly establish separate funds in their UAN accounting system when required. Additional guidance can be found on the Ohio Auditor of State website.

*Client Response:* The Village Fiscal Officer will create a new fund as required in the future.

Finding Number	2021-004
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Material Weakness - Cash Reconciliations

Bank reconciliations are a critical internal control for any entity. Timely bank reconciliations are to be formed shortly after each month end. During this process any long outstanding reconciling items (outstanding checks and outstanding deposits in transit) should be reviewed. Additionally, reconciliations and all supporting documents should be presented to the governing board for review and approval. A reconciliation is a monitoring control that ensures accountability for all expenditures and payments.

At December 31, 2021, the Village was initially unable to provide a bank reconciliation that contained zero unidentified discrepancies. Additionally, the Village maintains a deposit bank account for utility payments that is not included on their UAN accounting system. At December 31, 2021, this account maintained a balance of \$1,210. At December 31, 2020, this account maintained a zero balance.

The lack of timely, clear, and concise completed bank reconciliations could lead to errors existing in receipts, disbursements, and fund balances. The lack of review by the governing board of completed bank reconciliations could lead to the governing board making decisions based on over or under inflated numbers. The lack of all accounts being represented on the Village's accounting system could lead to misuse of funds and/or potential misstatements of activity.

VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2021 AND 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (CONTINUED)	
Finding Number	2021-004 – (Continued)

We recommend the Village develop internal controls over the monthly bank reconciliation process. These internal controls could consist of an obtaining timely outside assistance for the Fiscal Officer if it is determined that the Fiscal Officer is unable to reconcile to a zero unidentified amount in a timely manner. We recommend timely review and approval of the monthly bank reconciliations be evidenced by signatures on the bank reconciliation by a majority of the governing board members.

*Client Response:* The primary discrepancy was due to a bank discrepancy related to a deposit. This was not clear on the bank statement. The Fiscal Officer is actively resolving the bank issue and performing bank reconciliations that contain zero unidentified amounts.

Finding Number	2021-005
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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 17% and 32% of expenditures that were not timely certified for the years ended December 31, 2021 and 2020, respectively. Additionally, various original signed purchase orders were unable to be obtained.

Without timely certification or maintaining original purchase orders, 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.

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. Additionally, we recommend all executed and signed purchase orders be maintained in a single folder each year, in numeric order.

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

**VILLAGE OF QUINCY  
LOGAN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 AND 2020**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2019-001	2019	<u>Noncompliance</u> – Ohio Revised Code Section 5705.39 requires that total appropriations from each fund should not exceed total estimates. The Village had excess appropriations in the Water Fund, which may cause a deficit in fund balance.	Corrective Action Taken and Finding is Fully Corrected	N/A
2019-002	2019	<u>Noncompliance</u> – Ohio Revised Code Section 5705.36 requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer. The Village did not request enough amended certificates, causing appropriations to exceed estimated resources.	Corrective Action Taken and Finding is Fully Corrected	N/A
2019-003	2019	<u>Noncompliance</u> – Ohio Revised Code Section 5705.36 (A)(4) requires upon 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. The Village had appropriations that were greater than actual resources in the Water Fund.	Corrective Action Taken and Finding is Fully Corrected	N/A
2019-004	2019	<u>Material Weakness - Financial Statement Presentation</u> – Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. There were several adjustments made to the financial statements during this audit period, due to lack of proper policies and procedures.	Not Corrected	Finding repeated as 2021-001 as certain adjustments were made to the audited financial statements.
2019-005	2019	<u>Material Weakness/Noncompliance – CDBG On-Behalf Payments</u> - Ohio Revised Code Section 5705.42 requires when the United States government or state or any department, division, agency, or unit thereof makes a grant or loan of money to any political subdivision, the amount is deemed appropriated by the taxing authority and shall be recorded by the fiscal officer, and is deemed in process of collection within the meaning of section 5705.41 of the Ohio Revised Code. The Village entered into an agreement with the State Community Development Block Grant (CDBG) during 2019 and did not record the payments made directly to contractors.	Not Corrected	Finding repeated as 2021-002 as the Village did not record on-behalf payments to vendors.
2019-006	2019	<u>Noncompliance</u> – 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 from the fiscal officer that has been lawfully appropriated. The Village had expenditures that were not timely certified.	Not Corrected	Finding repeated as 2021-005 as the Village had expenditures that were not timely certified.

# 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 10/4/2022**

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)