



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Quincy
Logan County
115 N. Main Street
P.O. Box 126
Quincy, Ohio 43343

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Quincy (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

Cash (Continued)

6. We selected the only reconciling credit (such as deposits in transit) from the December 31, 2017 bank reconciliation:
 - a. We traced the credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amount to the Receipt Detail Report. The credit was recorded as a December receipt for the same amount recorded in the reconciliation.

Property Taxes and Intergovernmental Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to confirm the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Receipt Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the Logan County Detail Expense Reports from 2017 and five from 2016.
 - a. We compared the amount from the above report(s) to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

We obtained the 2017 and 2016 Monthly Distribution Reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We reconciled the Year-To-Date total distribution amounts for 2017 and 2016, as noted on the January 12, 2018 and January 13, 2017 RITA Monthly Distribution Reports, respectively, to the Village's Receipt Detail Report. The amounts agreed.

Water, Sewer, and Water Surcharge Funds

1. We haphazardly selected 10 Water, Sewer, and Water Surcharge Funds' collection cash receipts from the year ended December 31, 2017 and 10 Water, Sewer, and Water Surcharge Funds' collection cash receipts from the year ended December 31, 2016 recorded in the Utility System Monthly Cash Receipts Journal and determined whether the:
 - a. Receipt amount per the billing stub agreed to the amount recorded to the credit of the customer's account in the Utility System Monthly Cash Receipts Journal. The amounts agreed.

Water, Sewer, and Water Surcharge Funds (Continued)

- b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Trial Balance Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period. We found no exceptions.
 - c. Receipt was posted to the proper fund(s), and was recorded in the year received. We found no exceptions in 2017 and one exception in 2016. A water receipt, in the amount of \$5,348, was improperly posted to the Sewer Fund, instead of to the Water Fund. **Ohio Rev. Code § 743.06** states, in part, money collected for water-works purposes shall be deposited weekly with the treasurer of the municipal corporation, and shall be kept as a separate and distinct fund. The Fiscal Officer should review receipts and implement procedures to ensure revenue sources are posted to the proper funds. The Village's funds have been adjusted to properly report fund balances.
2. We observed the Utility Billing Delinquent List Report.
 - a. This report listed \$6,590 and \$6,641 of accounts receivable as of January 10, 2018 and 2017 (Village utility billing process date closest to December 31), respectively.
 - b. Of the total receivables reported in the preceding procedure, \$4,592 and \$3,176 were recorded as more than 90 days delinquent.
 3. We observed the Utility Trial Balance Report.
 - a. This report listed a total of \$1,298 and \$356 non-cash receipts adjustments as of January 10, 2018 and 2017 (Village utility billing process date closest to December 31), respectively.
 - b. We haphazardly selected five non-cash adjustments from 2017 and five non-cash adjustments from 2016, and observed that approvals were not obtained. The Village should implement policies and procedures to ensure all non-cash adjustments are properly approved by Council, Board of Public Affairs, and/or other appropriate personnel to help prevent unauthorized adjustments.

Debt

1. From the prior Agreed-Upon Procedures documentation, we observed the following loans were outstanding as of December 31, 2015. These amounts agreed to the Village's January 1, 2016 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
OWDA # 3022 Water Tower	\$32,223
OWDA # 3879 Sewer Construction	\$1,146,985
OPWC # CM037 Water Main	\$8,868
OPWC # CT400 Water Treatment Plant Upgrade	\$151,520
Citizen's Bank – Backhoe	\$9,367
USDA – Fire Department Addition	\$71,000

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.

Debt (Continued)

3. We obtained a summary of loan debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt invoices to the Other Special Revenue, Water, Sewer, and Water Surcharge Funds' payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found the following exceptions:
 - a. In 2017, two payments were issued after the corresponding due dates. Payments were due February and November 19, 2017; however, the payments were made February and November 21, 2017, respectively.
 - b. In 2017, \$8,551 in principal payments was posted as capital outlay in the accounting system.
 - c. In 2016, \$2,703 in principal payments was posted as capital outlay in the accounting system.The Fiscal Officer should review payment due dates and the accounting records to ensure payments are timely processed and accurately posted as debt expenditures.
4. We agreed the amount of debt proceeds from the loan documentation to amounts recorded in the Water Fund per the Receipt Detail Report. The amounts agreed.
5. For new debt issued during 2017 and 2016, we inspected the loan documentation and minutes, which stated that the Village would use the loan proceeds to pay for the preparation of a new well. We also inspected the Payment Register Detail Report and observed that the Village paid for the new well in December 2016. We noted that the loan proceeds were posted to the Water Fund, but the payment for the new well was issued from the Sewer Fund. The payment should have been issued from the fund where the loan proceeds were posted. The Fiscal Officer should use due care when posting debt proceeds and related expenditures to ensure the proper funds are utilized. The Village has adjusted the fund balances to increase the Sewer Fund and decrease the Water Fund by \$34,805.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Payment Register Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payment Register Detail Report to supporting documentation (timecard, legislatively-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1, we inspected the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above.

Payroll Cash Disbursements (Continued)

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2017. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2018	January 30, 2018	\$2,069.20	\$2,069.20
State income taxes	January 31, 2018	January 29, 2018	\$592.28	\$592.28
Village of Quincy income tax	January 31, 2018	January 29, 2018	\$145.55	\$145.55
OPERS retirement	January 30, 2018	January 26, 2018	\$1,833.57	\$1,833.57

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2017 and ten from the year ended 2016 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the cleared check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, State Highway, and Sewer Funds for the years ended December 31, 2017 and 2016. The amounts agreed.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, State Highway, and Sewer Funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2017 and 2016 for the following funds: General, State Highway, and Sewer Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the 2016 General Fund appropriations. The Appropriation Status Report reported \$178,853.57, which was \$9,000 more than the approved appropriations of \$169,853.57. This variance was due to the General Fund's amended appropriations on July 14, 2016, which were not approved by Council.

Compliance – Budgetary (Continued)

Ohio Rev. Code Section 5705.38(A) provides, in part that, on or about the first day of each fiscal year, the taxing authority of each subdivision shall pass an appropriation measure, and thereafter during the year, may pass any supplemental appropriation measures, as it finds necessary, based on the revised tax budget, the official certificate of estimated resources, or amendments of the certificate. The Council should review and approve all changes made to the appropriations during the year to prevent the overspending of available monies. The Council's approvals should be documented in the Minutes.

4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, State Highway, and Sewer Funds for the years ended December 31, 2017 and 2016. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2017 and 2016 for the General, State Highway, and Sewer Funds, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inquired of management and inspected the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
9. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 for negative cash fund balance. Ohio Rev. Code Section 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 require the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Village's deadline where the initial filing was filed on time but incomplete. We confirmed the Village filed its complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2017 and 2016 in the Hinkle system. There were no exceptions.
2. We inquired of the Fiscal Officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Sections 507.12 and 733.81. The Fiscal Officer received a completion certificate for the 2017 Local Government Officials Conference; however, the portal has not been updated for the training. The Fiscal Officer has until the end of her term (March 31, 2020) to obtain the required trainings.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in its cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

June 5, 2018

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VILLAGE OF QUINCY

LOGAN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 17, 2018