



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF QUINCY
LOGAN COUNTY
DECEMBER 31, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Quincy
Logan County
101 South Miami Street
Quincy, Ohio 43343

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Quincy, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 18, 2024

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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, 2023*

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$16,776	\$16,695		\$33,471
Municipal Income Tax	97,877			97,877
Intergovernmental	34,137	45,666		79,803
Charges for Services	7,210			7,210
Fines, Licenses and Permits	3,623			3,623
Earnings on Investments	1,879	521		2,400
Miscellaneous	6,983	487		7,470
<i>Total Cash Receipts</i>	<u>168,485</u>	<u>63,369</u>		<u>231,854</u>
Cash Disbursements				
Current:				
Security of Persons and Property	24,841	6,792		31,633
Leisure Time Activities	30,222			30,222
Transportation		36,956		36,956
General Government	65,958			65,958
Capital Outlay	27,778	24,972	\$14,520	67,270
Debt Service:				
Principal Retirement	3,570	570		4,140
Interest and Fiscal Charges	2,164	39		2,203
<i>Total Cash Disbursements</i>	<u>154,533</u>	<u>69,329</u>	<u>14,520</u>	<u>238,382</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,952</u>	<u>(5,960)</u>	<u>(14,520)</u>	<u>(6,528)</u>
Other Financing Receipts				
Sale of Capital Assets			14,520	14,520
<i>Total Other Financing Receipts</i>			<u>14,520</u>	<u>14,520</u>
Special Item	9,547			9,547
Extraordinary Item	10,000			10,000
<i>Net Change in Fund Cash Balances</i>	<u>33,499</u>	<u>(5,960)</u>		<u>27,539</u>
<i>Fund Cash Balances, January 1</i>	<u>110,936</u>	<u>143,811</u>		<u>254,747</u>
<i>Fund Cash Balances, December 31</i>	<u>\$144,435</u>	<u>\$137,851</u>	<u>\$0</u>	<u>\$282,286</u>

See accompanying notes to the financial statements

Village of Quincy, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$286,318
<i>Total Operating Cash Receipts</i>	<u>286,318</u>
Operating Cash Disbursements	
Personal Services	94,345
Employee Fringe Benefits	14,203
Contractual Services	100,913
Supplies and Materials	63,475
Other	642
<i>Total Operating Cash Disbursements</i>	<u>273,578</u>
<i>Operating Income</i>	<u>12,740</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	3,298
Capital Outlay	(56,230)
Principal Retirement	(39,672)
Interest and Other Fiscal Charges	(5,984)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(98,588)</u>
<i>Net Change in Fund Cash Balance</i>	(85,848)
<i>Fund Cash Balance, January 1</i>	<u>341,338</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$255,490</u></u>

See accompanying notes to the financial statements

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 De Graff to operate a Joint Sewer Plant and Miami Township to receive fire protection. The Village of Quincy provides the building and pays a fire chief and squad chief. Miami Township provides the equipment such as fire trucks and maintaining the equipment. The Village contracts with Riverside Emergency Services for squad services.

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 6, 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 change in fund balance (regulatory cash basis) for the proprietary fund type 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 and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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 renewal 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.

Coronavirus Relief This fund receives money passed through the County to cover expenses allowable by the CARES Act funding.

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

Capital Projects Fund This fund accounts for activity related to the selling and purchasing of capital assets.

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 Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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 2023 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to mowers under noncancelable leases. Lease disbursements are recognized when they are paid.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$139,480	\$188,032	\$48,552
Special Revenue	120,565	63,369	(57,196)
Capital Projects	14,520	14,520	0
Enterprise	340,900	289,616	(51,284)
Total	<u>\$615,465</u>	<u>\$555,537</u>	<u>(\$59,928)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$263,439	\$154,533	\$108,906
Special Revenue	172,165	69,329	102,836
Capital Projects	14,520	14,520	0
Enterprise	674,189	376,845	297,344
Total	<u>\$1,124,313</u>	<u>\$615,227</u>	<u>\$509,086</u>

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – 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 and investments. 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. A summary of the Village's deposit accounts are as follows:

	<u>2023</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$490,716
Certificates of deposit	<u>47,060</u>
Total carrying amount of deposits held in the Pool	<u><u>\$537,776</u></u>
 <i>Segregated Account - Not held in the Pool:</i>	
Utility Deposit Account	<u>915</u>
Total Outside Accounts	<u><u>\$915</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted 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 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or 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, 2023

Note 5 – Taxes (Continued)

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.

Note 6 – Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village'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>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$19,743,401

Note 7 – 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, 2023.

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Postemployment Benefits

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

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Gravelly Mower Lease	\$999	7.00%
USDA Fire Department Addition	47,000	4.25%
OPWC Water Treatment Plant (CT400)	110,934	0.00%
OWDA Joint Sewer Plant (3879)	698,036	1.50%
Total	<u>\$856,969</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 based on flow rates with the Village of Quincy covering around 30% and the Village of DeGraff covering around 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 Village of Quincy has a loan with the U.S.D.A. for the purpose of adding space onto the Rescue building to house more equipment and vehicles. This is a 30-year loan at 4.25% interest rate and will be paid in full in 2040.

Amortization

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

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (Continued)

Year Ending December 31:	Gravelly Mower Lease	USDA Fire Department Addition	OPWC Water Treatment Plant (CT400)	OWDA Joint Sewer Plant (3879)
2024	\$1,016	\$4,998	\$5,411	\$72,948
2025		4,870	5,411	72,948
2026		4,743	5,411	72,948
2027		4,615	5,411	72,948
2028		4,488	5,411	72,948
2029-2033		20,525	27,055	364,738
2034-2038		15,380	27,055	
2039-2043		4,255	27,055	
2044			2,714	
Total	<u>\$1,016</u>	<u>\$63,874</u>	<u>\$110,934</u>	<u>\$729,478</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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, 2023

Note 12 – Jointly Governed Organizations (Continued)

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

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. There were no outstanding encumbrances.

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 ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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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, 2022*

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$13,187	\$15,493	\$28,680
Municipal Income Tax	83,641		83,641
Intergovernmental	34,323	84,249	118,572
Charges for Services	8,250		8,250
Fines, Licenses and Permits	3,876		3,876
Earnings on Investments	386	97	483
Miscellaneous	3,025	5,216	8,241
<i>Total Cash Receipts</i>	<u>146,688</u>	<u>105,055</u>	<u>251,743</u>
Cash Disbursements			
Current:			
Security of Persons and Property	28,152	8,700	36,852
Public Health Services	922		922
Leisure Time Activities	29,545		29,545
Transportation		31,312	31,312
General Government	74,349		74,349
Capital Outlay	25,595	48,441	74,036
Debt Service:			
Principal Retirement	4,392	1,392	5,784
Interest and Fiscal Charges	2,359	106	2,465
<i>Total Cash Disbursements</i>	<u>165,314</u>	<u>89,951</u>	<u>255,265</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,626)</u>	<u>15,104</u>	<u>(3,522)</u>
Special Item	6,662		6,662
Extraordinary Item	47		47
<i>Net Change in Fund Cash Balances</i>	<u>(11,917)</u>	<u>15,104</u>	<u>3,187</u>
<i>Fund Cash Balances, January 1</i>	<u>122,853</u>	<u>128,707</u>	<u>251,560</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$110,936</u></u>	<u><u>\$143,811</u></u>	<u><u>\$254,747</u></u>

See accompanying notes to the financial statements

Village of Quincy, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$333,012
Miscellaneous	10
<i>Total Operating Cash Receipts</i>	<u>333,022</u>
Operating Cash Disbursements	
Personal Services	109,079
Employee Fringe Benefits	13,519
Contractual Services	80,072
Supplies and Materials	62,576
Other	464
<i>Total Operating Cash Disbursements</i>	<u>265,710</u>
<i>Operating Income</i>	<u>67,312</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	532
Capital Outlay	(44,108)
Principal Retirement	(18,256)
Interest and Other Fiscal Charges	(2,188)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(64,020)</u>
<i>Net Change in Fund Cash Balance</i>	3,292
<i>Fund Cash Balance, January 1</i>	<u>338,046</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$341,338</u></u>

See accompanying notes to the financial statements

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 De Graff 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 6, 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 change in fund balance (regulatory cash basis) for the proprietary fund type 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 and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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 renewal 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.

Coronavirus Relief This fund receives money passed through the County to cover expenses allowable by the CARES Act funding.

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 Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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 2022 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to mowers under noncancelable leases. Lease disbursements are recognized when they are paid.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$157,260	\$153,397	(\$3,863)
Special Revenue	52,490	105,055	52,565
Enterprise	321,400	333,554	12,154
Total	<u>\$531,150</u>	<u>\$592,006</u>	<u>\$60,856</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$276,985	\$166,266	\$110,719
Special Revenue	144,325	89,951	54,374
Enterprise	659,447	332,430	327,017
Total	<u>\$1,080,757</u>	<u>\$588,647</u>	<u>\$492,110</u>

Note 4 – 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 and investments. 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. A summary of the Village's deposit accounts are as follows:

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits (Continued)

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$378,137
Certificates of deposit	<u>217,948</u>
Total carrying amount of deposits held in the Pool	<u><u>\$596,085</u></u>
 <i>Segregated Accounts - Not held in the Pool:</i>	
Utility Deposit Account	<u>915</u>
Total Outside Accounts	<u><u>\$915</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted 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 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or 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, 2022

Note 6 – Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village'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>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$15,724,479

Note 7 – 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, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. 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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Gravelly Mower Lease	\$3,280	7.00%
USDA Fire Department Addition	50,000	4.25%
OPWC Water Treatment Plant (CT400)	116,346	0.00%
OWDA Joint Sewer Plant (3879)	<u>767,895</u>	1.50%
Total	<u><u>\$937,521</u></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 based on flow rates with the Village of Quincy covering around 30% and the Village of DeGraff covering around 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 Village of Quincy has a loan with the U.S.D.A. for the purpose of adding space onto the Rescue building to house more equipment and vehicles. This is a 30-year loan at 4.25% interest rate and will be paid in full in 2040.

Village of Quincy, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Amortization

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

Year Ending December 31:	Gravelly Mower Lease	USDA Fire Department Addition	OPWC Water Treatment Plant (CT400)	OWDA Joint Sewer Plant (3879)
2023	\$2,439	\$5,125	\$5,411	\$72,948
2024	1,016	4,998	5,411	72,948
2025		4,870	5,411	72,948
2026		4,743	5,411	72,948
2027		4,615	5,411	72,948
2028-2032		21,163	27,055	364,738
2033-2037		16,975	27,055	72,948
2038-2042		6,510	27,055	
2043-2044			8,126	
Total	<u>\$3,455</u>	<u>\$68,999</u>	<u>\$116,346</u>	<u>\$802,426</u>

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, 2022

Note 12 – Jointly Governed Organizations (Continued)

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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$952	\$0	\$952
<i>Total</i>	<u>\$952</u>	<u>\$0</u>	<u>\$952</u>

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 ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Village of Quincy
Logan County
101 South Miami Street
Quincy, Ohio 43343

To 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Quincy, Logan County, Ohio (the Village) and have issued our report thereon dated December 18, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village'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's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 18, 2024

VILLAGE OF QUINCY
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2023

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

FINDING NUMBER 2023-001

Noncompliance and Material Weakness – Financial Reporting

Ohio Rev. Code § 733.28 provides, in part, that the village clerk shall keep the books of the Village and exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived therefrom, and of all taxes and assessments.

Ohio Admin. Code 117-2-02(A), states, in part, that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements. **Ohio Admin. Code 117-2-02(B)** further states that the management of each local public office is responsible for the assertions underlying the information in the public office's financial statements.

Ohio Rev. Code § 5705.09(F) states, in part, that each subdivision shall establish 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.

Ohio Rev. Code § 5705.10 provides, in part, (C) that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made and (D) that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Additionally section (F) states except as provided in divisions (G) and (H) of this section, if a permanent improvement of the subdivision is sold, the amount received from the sale shall be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements; provided that the proceeds from the sale of a public utility shall be paid into the sinking fund or bond retirement fund to the extent necessary to provide for the retirement of the outstanding indebtedness incurred in the construction or acquisition of such utility. Proceeds from the sale of property other than a permanent improvement shall be paid into the fund from which such property was acquired or is maintained or, if there is no such fund, into the general fund.

In our engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraph .A14 & .A16.

The following errors were identified and adjusted on the Village's financial statement and accounting records for the year ended December 31, 2022:

- The Village incorrectly classified intergovernmental revenue in the amount of \$37,020, resulting in an overstatement of interest income and an understatement of intergovernmental revenue in the American Rescue Plan Act Special Revenue fund.
- The Village did not record debt payments in the General Fund in the amount of \$1,392 in principal and \$106 in interest, resulting in an understatement of debt paid.
- The Village did not record debt payments in Street Construction Maintenance and Repair Special Revenue Fund in the amount of \$1,392 in principal and \$106 in interest, resulting in an understatement of debt paid.
- The Village did not record debt payments in the Enterprise Fund in the amount of \$5,490 in principal and \$212 in interest, resulting in an understatement of debt paid.

FINDING NUMBER 2023-001
(Continued)

The following errors were identified and adjusted on the Village's financial statement and accounting records for the year ended December 31, 2023:

- The Village incorrectly classified sale of assets in the amount of \$7,670 as Extraordinary Item in the General fund and \$6,850 as Special Item in the General fund when it should have been classified in a Capital Projects fund as Sale of Capital Assets. An expenditure for the purchase of a capital asset was also moved to this Capital Project fund in the amount of \$14,520.
- The Village did not record debt payments in the General Fund in the amount of \$3,570 in principal and \$2,164 in interest, resulting in an understatement of debt paid.
- The Village did not record debt payments in the Street Construction Maintenance and Repair Special Revenue Fund in the amount of \$570 in principal and \$39 in interest, resulting in an understatement of debt paid.
- The Village did not record debt payments in Enterprise in the amount of \$1,140 in principal and \$78 in interest, resulting in an understatement of debt paid.

Additionally, the Village received permissive motor vehicle license tax monies in 2022 and 2023. The Village did not create a special fund consisting of monies only relating to the permissive motor vehicle license tax for the receipts and instead posted them into the Street Construction Maintenance and Repair Special Revenue Fund. The receipt and expenditure activity netted to \$0 in both fiscal year 2022 and 2023; therefore, no adjustments in the accounting system were needed.

In addition to the items listed above, we have also identified misstatements relating to the Village's financials ranging from \$15 to \$18,815, which have been brought to the Village's attention.

The above errors occurred when posting transactions to the accounting system due to lack of timely posting transactions and inadequate training. Failure to properly record financial activity could lead to material financial statement errors and users of the financial statements basing their conclusions on incorrect financial information.

The Village should establish and implement procedures to verify that financial activity is recorded correctly and in a timely manner. The Fiscal Officer should also create a special fund, a Permissive Motor Vehicle License Tax Fund, to separately track receipts and expenditures related to this activity.

Officials' Response:

The Village of Quincy Council has been made aware of the problems balancing the funds since the 2021 closing of the Civista Bank and changes to collecting and depositing utility funds. After a discussion with the auditors, the Village will be contacting the Local Government Services to help find and make corrections to prevent problems in the upcoming year. My goal as Fiscal Officer is always to provide our Council with accurate records and give them my best work.

FINDING NUMBER 2023-002

Material Weakness – Bank Reconciliations, Timely Posting of Transactions, and Segregation of Duties

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

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Cash is the asset most susceptible to theft and misappropriation. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. Additionally, reconciliations provide an accurate accounting of the Village's financial position at month-end.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and Council and/or other administrator are responsible for reviewing the reconciliations and related support.

The small size of the Village's fiscal operations does not allow for an adequate segregation of duties as the Fiscal Officer performed most accounting functions for the Village, including collection and deposit of receipts and reconciliation of the bank account. It is essential for the Village Council to monitor financial activity closely to provide oversight and to compensate for the lack of segregation of duties.

The Village completed bank to book reconciliations for each month during 2022 and 2023 on the Uniform Accounting Network (UAN) accounting system. The Village's monthly bank reconciliation included other adjusting factors throughout the audit period, resulting in inaccurate bank reconciliations and financial information (i.e. UAN reports) provided to the Village Council. Failure to identify, investigate, and correct reconciling errors could also lead to errors and irregularities occurring and not being detected in a timely manner. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements. Additionally, the Village maintains a deposit bank account for utility payments that is not included on their UAN accounting system.

Finally, throughout 2022 and 2023, numerous transactions were not posted in a timely manner to the UAN system. Significant time delays in posting financial transactions to the accounting system can result in permanent omissions, errors in the reconciliation, as well as Council reviewing incomplete financial reports.

The Village should implement procedures to verify that monthly bank reconciliations are prepared timely and correctly with adjusting factors supported with documentation. The reconciliation should include all Village accounts at the correct bank amount. Additionally, financial transactions should be entered into the accounting system accurately and timely and Village Council should review and sign the bank reconciliation each month as verification that there are no errors.

Officials' Response:

Prior to the time the Civista bank closed in July 2021, bank statements were always balanced and all reports presented at each meeting for Council to review and provided a signature page to acknowledge the reports presented for review. My goal is to get back to this position and will be contacting the Local Government Services for guidance in this matter.

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Village of Quincy
Logan County
101 South Miami Street
Quincy, Ohio 43343

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

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness – Financial Statement Presentation	Not Corrected	Steps are being taken by the Fiscal Officer to correct these items. Repeated as Finding 2023-001
2021-002	Material Weakness / Noncompliance – Community Development Block Grant (CDBG) On-Behalf Payments	Corrective Action Taken and Finding is Fully Corrected	
2021-003	Material Weakness / Noncompliance – Establishment of Funds	Not Corrected	Repeated as Finding 2023-001
2021-004	Material Weakness – Cash Reconciliations	Not Corrected	Steps are being taken by the Fiscal Officer to correct these items including getting in contact with Local Government Services for help. Repeated as Finding 2023-002
2021-005	Noncompliance – Ohio Revised Code 5705.41(D)	Corrective Action Taken and Finding is Fully Corrected	

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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 2/13/2025

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

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www.ohioauditor.gov