

VILLAGE OF QUINCY

DAYTON REGION, LOGAN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008



Mary Taylor, CPA

Auditor of State

Village Council
Village of Quincy
115 N. Miami Street
Quincy, Ohio 43343

We have reviewed the *Independent Auditors' Report* of the Village of Quincy, Logan County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Quincy is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 1, 2010

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**VILLAGE OF QUINCY
LOGAN COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Village of Quincy, Logan County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008 or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Quincy, Logan County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2010, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 11, 2010

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**VILLAGE OF QUINCY
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 42,671	\$ 34,496	\$ 77,167
Intergovernmental Revenues	35,759	29,542	65,301
Charges for Services	5,000	0	5,000
Fines, Licenses and Permits	2,270	0	2,270
Earnings on Investments	1,647	0	1,647
Miscellaneous	3,332	332	3,664
	<u>90,679</u>	<u>64,370</u>	<u>155,049</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	\$ 34,371	\$ 935	\$ 35,306
Leisure Time Activities	26,851	0	26,851
Transportation	55	35,061	35,116
General Government	49,633	0	49,633
Capital Outlay	8,195	803	8,998
Debt Service:			
Principal	0	10,937	10,937
Interest	0	924	924
	<u>119,105</u>	<u>48,660</u>	<u>167,765</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(28,426)</u>	<u>15,710</u>	<u>(12,716)</u>
Fund Cash Balances, January 1	<u>34,493</u>	<u>161,292</u>	<u>195,785</u>
Fund Cash Balances, December 31	<u>\$ 6,067</u>	<u>\$ 177,002</u>	<u>\$ 183,069</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF QUINCY
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Proprietary Funds Types
	Enterprise
Operating Cash Revenues:	
Charges for Services	\$ 234,053
Total Operating Cash Receipts	234,053
Operating Cash Disbursements:	
Personal Service	\$ 32,416
Employee Fringe Benefits	14,697
Contractual Services	40,369
Supplies and Materials	70,787
Other	540
Total Operating Cash Disbursements	158,809
Operating Income/ (Loss)	75,244
Non-Operating Cash Receipts/(Expenses):	
Miscellaneous Receipts	\$ 53,797
Capital Outlay	(51,523)
Debt Service:	
Redemption of Principal	(92,915)
Interest Expense	(35,053)
Total Non-Operating Cash Receipts/(Expenses)	(125,694)
Net Revenues Over/(Under) Expenses	(50,450)
Fund Cash Balances, January 1	220,824
Fund Cash Balances, December 31	\$ 170,374

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF QUINCY
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 43,831	\$ 29,771	\$ 73,602
Intergovernmental Revenues	41,661	28,573	70,234
Charges for Services	9,000	0	9,000
Fines, Licenses and Permits	2,147	0	2,147
Earnings on Investments	11,063	0	11,063
Miscellaneous	27,026	0	27,026
Total Cash Receipts	<u>134,728</u>	<u>58,344</u>	<u>193,072</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	\$ 35,119	\$ 276	\$ 35,395
Leisure Time Activities	23,796	0	23,796
Transportation	0	30,229	30,229
General Government	61,615	0	61,615
Capital Outlay	14,584	25,201	39,785
Debt Service: Redemption of Principal			
Principal Payments	0	8,000	8,000
Interest Charges	0	1,885	1,885
Total Cash Disbursements	<u>135,114</u>	<u>65,591</u>	<u>200,705</u>
Total Receipts Over/(Under) Disbursements	<u>(386)</u>	<u>(7,247)</u>	<u>(7,633)</u>
Other Financing Sources/(Uses):			
Debt Proceeds	<u>8,036</u>	<u>8,036</u>	<u>16,072</u>
Total Other Financing Receipts (Disbursements)	<u>8,036</u>	<u>8,036</u>	<u>16,072</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash and Other Financing Disbursements	7,650	789	8,439
Fund Cash Balances, January 1	<u>26,843</u>	<u>160,503</u>	<u>187,346</u>
Fund Cash Balances, December 31	<u>\$ 34,493</u>	<u>\$ 161,292</u>	<u>\$ 195,785</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF QUINCY
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 241,389
Total Operating Cash Receipts	241,389
Operating Cash Disbursements:	
Personal Service	\$ 30,728
Employee Fringe Benefits	13,427
Contractual Services	37,215
Supplies and Materials	65,814
Other	1,022
Total Operating Cash Disbursements	148,206
Operating Income/ (Loss)	93,183
Non-Operating Cash Disbursements:	
Debt Proceeds	\$ 16,727
Miscellaneous Receipts	53,427
Capital Outlay	(53,733)
Debt Service:	
Redemption of Principal	(84,728)
Interest Expense	(36,617)
Total Non-Operating Cash Receipts/(Expenses)	(104,924)
Net Revenues Over/(Under) Expenses	(11,741)
Fund Cash Balances, January 1	232,565
Fund Cash Balances, December 31	\$ 220,824

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF QUINCY
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Quincy, Logan County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council. The Village provides general governmental services, emergency medical services, fire services, water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Logan County Sheriff's department to provide security of persons and property.

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

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

The Village shares joint ownership with the Village of DeGraff in the operation, use and maintenance of a sewerage treatment plant. The Board is comprised of five members plus one clerk and one assistant clerk. The Board is appointed by the Village of DeGraff and Quincy. This relationship is further described in Note 8.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

**VILLAGE OF QUINCY
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

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

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund is used to account for proceeds from water operations. The revenue is to be used to maintain plant operations and for water improvements.

Sewer Fund – This fund is used to account for proceeds from sewer operations. The revenue is to be used to maintain plant operations and for sewer improvements.

**VILLAGE OF QUINCY
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	<u>\$ 353,443</u>	<u>\$ 416,609</u>

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

**VILLAGE OF QUINCY
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 as follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 110,860	90,679 \$	(20,181)
Special Revenue	58,750	64,370	5,620
Enterprise Funds	239,700	287,850	48,150
Total	<u>\$ 409,310</u>	<u>\$ 442,899</u>	<u>\$ 33,589</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 140,328	119,105 \$	21,223
Special Revenue	220,041	48,660	171,381
Enterprise Funds	458,523	338,300	120,223
Total	<u>\$ 818,892</u>	<u>\$ 506,065</u>	<u>\$ 312,827</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 117,792	\$ 142,764	\$ 24,972
Special Revenue	75,336	66,380	(8,956)
Enterprise Funds	289,372	311,543	22,171
Total	<u>\$ 482,500</u>	<u>\$ 520,687</u>	<u>\$ 38,187</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 144,634	\$ 135,114	\$ 9,520
Special Revenue	235,838	65,591	170,247
Enterprise Funds	521,937	323,284	198,653
Total	<u>\$ 902,409</u>	<u>\$ 523,989</u>	<u>\$ 378,420</u>

**VILLAGE OF QUINCY
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

3. BUDGETARY, (Continued)

Ohio Rev. Code Section 5705.36 requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, estimated resources exceeded actual receipts in 2009 in the General fund by \$20,181. In 2008, estimated receipts exceeded actual in the Street Maintenance & Construction, State Highway, Street Levy, Fire Department Levy, and Water funds by \$5,387, \$157, \$966, \$2,446, and \$9,591, respectively.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest
GMAC Commercial Mortgage Loan	\$ 53,000	5.00%
Ohio Water Development Authority Loan – Water Tower	106,821	6.85%
Fire Safety Bonds	9,000	7.25%
Ohio Public Works Commission – Water Main	44,340	0.00%
Ohio Water Development Authority Loan – Sewer Construction	1,465,695	1.50%
Ohio Water Development Authority Loan – WTP Imp Design	656	0.00%
Citizen’s Bank – Bobcat	24,394	4.66%
Total	<u>\$1,703,906</u>	

The GMAC Commercial Mortgage Loans consist of four separate loans for a sewer line project completed during 1987. The loan payments are made in annual installments from the Enterprise Sewer Fund. Two loans mature during 2012 and two during 2014.

Fire Safety Bonds relate to the 1990 construction of a new firehouse. The loan will be paid in semi-annual installments based on a predetermined amortization schedule. This is paid from the Fire Department Levy Fund and matures during 2010.

**VILLAGE OF QUINCY
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

5. DEBT

Ohio Water Development Authority (OWDA) Water Tower loan relates to the water tower and water system improvements completed in 1993 by the Village. The loan will be paid in semi-annual installments based on a predetermined amortization schedule. This is paid from the Enterprise Water Fund and matures during 2018.

Ohio Public Works Commission (OPWC) loan relates to the water main replacement project on State Route 235. The loan was obtained during 1996 and will be paid in semi-annual installments based on a predetermined amortization schedule. This is paid from the Enterprise Fund and matures during 2017.

Ohio Water Development Authority (OWDA) Sewer Construction loan relates to expansion of the Village's jointly owned sewer plant. The loan will be paid in semi-annual installments at 1.50 percent interest. This is paid from the Sewer Fund and matures during 2034.

The Citizen's Bank loan was obtained to purchase a Bobcat utility truck. The loan will be paid in semi-annual installments of \$4,417 at 4.66 percent interest, with final payment in 2012.

Ohio Water Development Authority (OWDA) Water Tower Planning Improvements Design loan relates to planning and design for future water tower improvements. In April 2008 the loan was approved for \$49,271. As of December 31, 2009, \$656 has been drawn on the loan. First payment is due July 1, 2010 with final payment January 1, 2015. Semi-annual payments of \$4,927, interest rate is zero percent, included in amortization schedule below.

The following is a summary of the Village's future annual debt service requirements:

Year	GMAC Loans		OWDA Water Tower Loans		Fire Safety Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$22,000	\$2,650	\$ 10,161	\$ 3,659	\$9,000	\$326
2011	23,000	1,550	20,681	6,959	0	0
2012	2,000	400	21,422	6,217	0	0
2013	3,000	300	22,215	5,425	0	0
2014	3,000	150	23,061	4,578	0	0
2015 - 2019	0	0	58,551	8,624	0	0
Totals	<u>\$53,000</u>	<u>\$5,050</u>	<u>\$158,791</u>	<u>\$35,462</u>	<u>\$9,000</u>	<u>\$326</u>

**VILLAGE OF QUINCY
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

5. DEBT (continued)

The following is a summary of the Village's future annual debt service requirements:

Year	OPWC	OWDA		Citizens' Bank	
	Water Main	Sewer Loan		Bobcat	
	Principal	Principal	Interest	Principal	Interest
2010	\$2,956	\$ 25,481	\$ 10,993	\$7,760	\$1,074
2011	5,912	51,537	21,411	8,130	705
2012	5,912	52,313	20,635	8,504	317
2013	5,912	53,101	19,847	0	0
2014	5,912	53,900	19,047	0	0
2015-2019	17,736	281,920	82,518	0	0
2020-2024	0	303,793	60,945	0	0
2025-2029	0	327,362	37,376	0	0
2030-2034	0	316,288	11,979	0	0
Totals	\$44,340	\$1,465,695	\$284,751	\$24,394	\$2,096

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10.0 percent of their gross salaries and the Village contributed an amount equaling 14.0 percent of covered payroll and public safety and law enforcement employer units contributed to OPERS at 17.4 percent. The Village has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village provides health insurance to fulltime employees.

**VILLAGE OF QUINCY
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

8. JOINT VENTURE

Quincy-DeGraff WWTP Facility:

The Village of Quincy and the Village of DeGraff jointly own and operate a waste water treatment facility. Both communities share in all costs of improvements and operations and both include their share of these costs in their budget and annual appropriations. Both communities agree to adjust and collect sewer revenues sufficient to cover their financial responsibility.

The Village of Quincy obtained financing for an EPA mandated upgrade to the Waste Water Treatment Plant. The total cost of the project was estimated at \$3,000,000, less grants left a balance of approximately \$1,600,000 to be financed. The approximate share of total cost to be paid by each entity is determined yearly by the actual flow from each community (which is measurable) into the plant. On July 1st of each year, the percentage of cost ratio is reviewed and adjusted based on actual flow for the previous year, and the newly established rates take effect on January 1st of the following year.

For 2009 and 2008, approximately 27.5 percent of total costs are the responsibility the Village of Quincy. The Village of DeGraff remits the remaining 72.5 percent of the semi-annual payment for its share of the debt payment to the Village. These payments are recorded in the Enterprise Fund as non operating miscellaneous receipts. For 2009 and 2008 the Village of DeGraff paid \$52,887 and \$53,251, respectively.

As noted in Note 5, the balance on the OWDA loan is \$1,465,692.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 11, 2010, the date on which the financial statements were available for issue. The review did not reveal any subsequent events which would warrant inclusion here.

In January 2010, the Village obtained financing in the amount of \$86,000 for the firehouse expansion.

In March 2010, the Village drew \$41,000 on the Ohio Water Development Authority loan 4898, for the design of the water tower planning.

Starting July 1, 2010, the Village implemented a 1.0 percent income tax that applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located in the Village. The Village has contracted with Regional Income Tax Authority (RITA) for the administration and collection of taxes.

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

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

Members of Council
Village of Quincy
Logan County
115 N. Miami Street
Quincy, Ohio 43343

We have audited the financial statements of the Village of Quincy, Logan County (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 11, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Findings Number 2009-002, 2009-003, and 2009-005 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Findings Number 2009-001, and 2009-004 through 2009-005.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 11, 2010.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 11, 2010

**VILLAGE OF QUINCY
LOGAN COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Village.
2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**VILLAGE OF QUINCY
LOGAN COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001 (continued)

The Village issued purchase orders after the incurrence of an expense without certifying the purchase order as a "Then and Now," for 52 (out of 143) and 50 (out of 122) expenditures tested in 2009 and 2008, respectively.

Response: The Fiscal Officer will review the proper use of purchase orders and make necessary changes for the future.

FINDING NUMBER 2009-002

Material Weakness

Enterprise Activities

To help assure an accurate financial statement presentation, an entity should record all financial transactions related to business type activities, such as water and sewer utilities, in the Enterprise Fund Type. The Village did not record the monies remitted by the Village of DeGraff for their proportionate share of the debt, and the subsequent payment on the debt service. Debt service payments were posted to capital outlay instead of debt principal and interest. The accompanying financial statements have been adjusted to properly reflect the activity of the enterprise funds.

Failure to properly classify all activity related to the Village's Enterprise Funds inhibits the ability of management and other user's to analyze the financial statements. In addition, this could result in the misspending of funds restricted for use by the Village's water and sewer utilities.

The Village should record all activity related to the operation of its water and sewer utilities within the Enterprise Fund Type.

Response: The Fiscal Officer will make every effort to properly record all activity of the Village in the appropriate fund.

FINDING NUMBER 2009-003

Material Weakness

Payroll

The Village does not utilize the UAN system for payroll processing, all payroll is manually calculated. In 2008 differences were noted between the Village's W-3 and 941 totals for gross payroll, federal withholdings and medicare paid.

The Fiscal Officer should double check the forms for accuracy. It is further recommended to utilize the UAN system for payroll processing, to eliminate these types of errors.

Response: The Fiscal Officer is considering implementation of computer generated payroll through UAN system.

**VILLAGE OF QUINCY
LOGAN COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-004

Noncompliance

Ohio Rev. Code, Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation. The following funds were determined to have estimated receipts significantly in excess of actual receipts:

Fund	Estimated Resources	Actual Receipts	Variance
2009			
General	\$110,860	\$90,679	(\$20,181)
2008			
Street Mtce & Construction	\$43,036	\$37,649	(\$5,387)
State Highway	2,300	2,143	(157)
Street Levy	16,000	15,034	(966)
Fire Department Levy	14,000	11,554	(2,446)
Water	68,036	58,445	(9,591)

The Board should monitor receipts and amend estimated receipts when necessary to keep estimated receipts in line with actual receipts and make corresponding amendments to its appropriations and disbursements. The UAN system provides a means for tracking and comparing budgetary estimates with actual receipts and disbursements. We noted that the budgetary amounts in the Village's UAN system did not match the amounts filed with the County Auditor. We recommend that the Village ensure that budgetary amounts in the UAN system reflect budgetary amounts filed with the County Auditor and incorporate the UAN system in budgetary monitoring.

Response: The Village has made improvements on monitoring and amending certificates of estimated resources and will continue to monitor budgetary compliance more closely.

**VILLAGE OF QUINCY
LOGAN COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-005

Material Weakness

Ohio Rev. Code, Section 733.28, requires the Fiscal Officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended. The Village did not properly classify receipt and disbursement transactions. An accurate record was not maintained for all monies received by the Village. The following errors were noted:

- A. Principal and interest payments on the debt of the Village were improperly classified as capital outlay, equipment, or building and structure expenses.
- B. Expenses to be paid from Fire Levy Fund were mistakenly noted on the type-written check as being posted to the Water Fund, but was posted to the General Fund in the UAN system.

All of these conditions exhibit a lack of control over the recording and reporting of Village financial activity and did result in inaccurate accounting records.

We recommend the Village print all checks from the UAN system and post items according to the Village handbook. The Village has made these adjustments to their books and the adjustments are reflected in the financial statements.

Response: The Village will review its current accounting methods and implement changes where needed.

**VILLAGE OF QUINCY
LOGAN COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2007-001	ORC Sec. 5705.41(D) - Expenditures were not properly certified prior to the incurrence of each expense	No	Reissued as Finding Number 2009-001
2007-002	Village did not record the grant funding paid directly to vendors on their behalf	Yes	
2007-003	Monies remitted by the Village of Degraff for their share of debt payments were not recorded by the Village and debt payments were recorded as capital outlays	No	Reissued as Finding Number 2009-002
2007-004	Payroll Processing	No	Reissued as Finding Number 2009-003
2007-005	ORC 733.28 - Failure to properly maintain the Village's books and records	No	Reissued as Finding Number 2009-005
2007-006	Village Council and BPA did not receive the necessary information to monitor the Village's activities	Yes	



Mary Taylor, CPA
Auditor of State

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 15, 2010