



**Auditor of State  
Betty Montgomery**



VILLAGE OF QUINCY  
LOGAN COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Village of Quincy  
Logan County  
P.O. Box 126  
Quincy, Ohio 43343

To the Members of Council:

We have audited the accompanying financial statements of the Village of Quincy (the Village) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Section 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the management, Members of Council, federal awarding agencies and pass-through entities, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 13, 2004

**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, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$36,257	\$25,886	\$62,143
Intergovernmental Receipts	42,325	23,715	66,040
Charges for Services	3,910		3,910
Earnings on Investments	8,387	535	8,922
Miscellaneous	3,989	133	4,122
	<hr/>		
Total Cash Receipts	94,868	50,269	145,137
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	30,312	516	30,828
Leisure Time Activities	20,351		20,351
Transportation		21,713	21,713
General Government	53,131		53,131
Capital Outlay	24,630		24,630
Debt Service:			
Redemption of Principal		12,000	12,000
Interest and Other Charges		4,474	4,474
	<hr/>		
Total Cash Disbursements	128,424	38,703	167,127
Receipts Over/(Under) Disbursements	(33,556)	11,566	(21,990)
Fund Cash Balances, January 1	137,956	102,118	240,074
	<hr/>		
<b>Fund Cash Balances, December 31</b>	<b>\$104,400</b>	<b>\$113,684</b>	<b>\$218,084</b>
	<hr/>		
Reserves for Encumbrances, December 31	\$26,832	\$7,270	\$34,102
	<hr/>		

*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 - ENTERPRISE FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Operating Cash Receipts:</b>	
Charges for Services	\$171,000
 <b>Operating Cash Disbursements:</b>	
Personal Services	31,348
Fringe Benefits	9,170
Contractual Services	19,088
Supplies and Materials	31,040
Capital Outlay	1,966,298
Miscellaneous	<u>366</u>
Total Operating Cash Disbursements	<u>2,057,310</u>
Operating (Loss)	<u>(1,886,310)</u>
 <b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	846,900
Earnings on Investments	286
Other Debt Proceeds	1,112,892
Miscellaneous Receipts	<u>9,316</u>
Total Non-Operating Cash Receipts	1,969,394
 <b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	30,496
Redemption of Interest	<u>20,252</u>
Total Non-Operating Cash Disbursements	<u>50,748</u>
Excess of Receipts Over Disbursements	32,336
Fund Cash Balances, January 1	<u>248,902</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$281,238</u></u>
Reserve for Encumbrances, December 31	<u><u>\$8,625</u></u>

*The notes to the financial statements are an integral part of this statement.*



**VILLAGE OF QUINCY  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**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 activities, 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 building, 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 is 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**

Certificates of deposit are valued at cost. Purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

**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.

VILLAGE OF QUINCY  
LOGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Fund

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 Levy 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:

**Utility Improvement Fund** - This fund receives the proceeds of a federal grant to finance a utility plant expansion.

**Enterprise Debt Service Fund** – This fund received the proceeds of an OWDA loan to finance a utility plant expansion. After completion of this project this fund will be used to service the debt on this loan.

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 level, 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 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 carried over, and need not be reappropriated in the subsequent year.

A summary of 2003 budgetary activity appears in Note 3.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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:

	<b>2003</b>
Demand deposits	\$319,838
Certificates of deposit	179,484
Total deposits	\$499,322

**Deposits:** Deposits are collateralized by specific collateral.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2003 follows:

<b>2003 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$100,000	\$94,868	(\$5,132)
Special Revenue	63,000	50,269	(12,731)
Enterprise	3,218,181	2,140,394	(1,077,787)
Total	\$3,381,181	\$2,285,531	(\$1,095,650)

<b>2003 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$237,956	\$155,256	\$82,700
Special Revenue	165,118	45,973	119,145
Enterprise	3,467,083	2,116,683	1,350,400
Total	\$3,870,157	\$2,317,912	\$1,552,245

**VILLAGE OF QUINCY  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
GMAC Commercial Mortgage Loans	\$165,000	5.00%
Ohio Water Development Authority Loan- Water Tower	156,949	6.85%
Ohio Public Works Commission - Water Main	79,812	0.00%
Fire Safety Bonds	52,000	7.25%
Ohio Water Development Authority Loan-Well Head	8,000	0.00%
Ohio Water Development Authority Loan-Sewer Construction	<u>1,112,892</u>	1.50%
Total	<u><u>\$1,574,653</u></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.

The \$210,093 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.

The \$118,240 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.

The \$100,000 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  
DECEMBER 31, 2003  
(Continued)**

**5. DEBT (Continued)**

The \$20,000 Ohio Water Development Authority (OWDA) Well Head loan relates to the water system improvement project completed in 1997 by the Village. The loan will be paid in semi-annual installments based on a predetermined amortization schedule. This is paid from the Enterprise Fund and matures during 2008.

During 2003, the Village was approved for a loan up to \$2,178,461 from the Ohio Water Development Authority (OWDA) to finance a sewer plant expansion. This loan is to be repaid over 30 years with the first payment date of July 1, 2004. As of December 31, 2003, the Village has not received the amortization schedule.

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

Year Ending December 31,	GMAC Loans	OWDA Loan Water Tower	OPWC - Watermain	Fire Safety Bonds	OWDA Loan Wellhead
2004	\$25,250	\$17,785	\$5,912	\$9,770	\$2,000
2005	24,400	17,785	5,912	9,335	2,000
2006	24,550	17,785	5,912	9,900	2,000
2007	24,650	17,785	5,912	9,393	2,000
2008	24,700	17,785	5,912	9,885	
2009 – 2013	79,600	88,926	29,560	19,958	
2014-2017	3,150	71,141	20,692		
Total	<u>\$206,300</u>	<u>\$248,992</u>	<u>\$79,812</u>	<u>\$68,241</u>	<u>\$8,000</u>

**6. RETIREMENT SYSTEMS**

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)**

**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.

**8. JOINT VENTURE**

The Village was under EPA mandate to upgrade their Waste Water Treatment Plant. The Village will share the costs of this upgrade with the Village of DeGraff. The total cost of the project is estimated at \$3,000,000 minus grants which will leave a balance of approximately \$1,600,000 to be financed. The project was completed and was in service starting April 12, 2004. As of July 19, 2004, the debt schedule for the project was not completed. Each Village's construction and operation costs will be based on flow into the plant. At this time, it is estimated that approximately 60-70% of the cost will be paid by the Village of DeGraff.

VILLAGE OF QUINCY  
LOGAN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Federal Grantor/ Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<b>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</b>			
Surveys, Studies, Investigations and Special Purposes Grant	XP99599201-0	66.606	<u>\$846,900</u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**VILLAGE OF QUINCY  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the "Schedule") summarizes activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting.





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Quincy  
Logan County  
P.O. Box 126  
Quincy, Ohio 43343

To the Members of Council:

We have audited the financial statements of the Village of Quincy (the "Village") as of and for the year ended December 31, 2003, and have issued our report thereon dated September 13, 2004, wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 13, 2004.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-001 and 2003-002.

**Internal Control Over Financial Reporting  
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 13, 2004.

This report is intended for the information and use of the management, and Members of Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

September 13, 2004



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Quincy  
Logan County  
P.O. Box 126  
Quincy, Ohio 43343

To the Members of Council:

**Compliance**

We have audited the compliance of the Village of Quincy (the "Village") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance  
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, Members of Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

September 13, 2004

VILLAGE OF QUINCY  
LOGAN COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2003

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 66.606: Surveys, Studies, Investigations and Special Purposes Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	N/A – only one federal program
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**FINDING NUMBER 2003- 001**

**Reportable Condition**

**Fund Type Classification of 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 recorded the activity of three Enterprise Capital Projects Funds in a Governmental Capital Projects Fund. This classification error consisted of a beginning fund balance of \$42,045, revenues of \$8,396, expenditures of \$8,678, and encumbrances of \$2,460. The Village has made the necessary adjustments to properly classify these funds. The financial statements and budgetary note in this report reflect the correct classification of these 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. In addition, an in-dept review should be performed of all debt agreements and ordinances pertaining to the operations of the water and sewer utilities to help assure that all required funds have been established and to eliminate unnecessary funds.

**FINDING NUMBER 2003- 002**

**Reportable Condition**

**Monitoring of Financial Activity**

To assist in the management of financial resources, a governing body should periodically review and approve financial statements. In addition, to help assure accountability over recorded activity, and deposit and investment balances, the governing body should review and approve monthly bank-to-book reconciliations. The Village's Council and Board of Public Affairs did not receive financial reports during 2003.

The failure of the Village's governing bodies to monitor the financial activity of the Village could result in financial objectives not being achieved; the violation of Ohio Rev. Code laws, Village Ordinances, grant requirements, or debt covenants; or errors and/or irregularities occurring and not being detected in a timely manner.

The Village should implement monitoring procedures that requires the monthly review of financial reports such as budget versus actual revenue and expenditure reports and fund balance reports, along with the monthly bank to book reconciliation. Evidence of the review and approval of financial reports should be evidenced by signatures or initials on the documents reviewed and/or mention in the minutes.

**VILLAGE OF QUINCY  
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2002-001	ORC Sec. 731.14 – Bidding procedures	Fully Corrected	
2002-002	ORC Sec. 5705.36 – Increased amended certificates	Fully Corrected	
2002-003	ORC Sec. 5705.41 (D) Failure to certify funds	Fully Corrected	
2002-004	Accuracy and completeness of financial reporting	Partially Corrected	Repeated as finding 2003-001
2002-005	Monitoring financial activity	Not Corrected	Repeated as finding 2003-002







**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
OCTOBER 7, 2004**