

***VILLAGE OF QUINCY
LOGAN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012





Dave Yost • Auditor of State

Village Council
Village of Quincy
115 North Main Street
Quincy, Ohio 43343

We have reviewed the *Independent Auditor's Report* of the Village of Quincy, Logan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 28, 2014

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**VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2013 and 2012**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Quincy
Logan County
115 North Main Street
Quincy, Ohio 43343

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Quincy, Logan County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

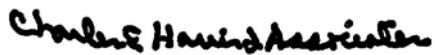
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Quincy, Logan County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Charles E. Harris & Associates, Inc.

June 20, 2014

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES**
All Governmental Fund Types
For the Year Ended December 31, 2013

| | <u>Governmental Fund Types</u> | | | Totals- (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|---------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Receipts: | | | | |
| Property Taxes | \$ 14,399 | \$ 16,042 | \$ - | \$ 30,441 |
| Municipal Income Tax | 60,933 | - | - | 60,933 |
| Intergovernmental | 19,735 | 27,668 | - | 47,403 |
| Charges for Service | 6,005 | - | - | 6,005 |
| Fines, Licenses and Permits | 3,544 | - | - | 3,544 |
| Interest | 295 | 56 | - | 351 |
| Other | 11,134 | - | - | 11,134 |
| Total Receipts | <u>116,045</u> | <u>43,766</u> | <u>-</u> | <u>159,811</u> |
| Disbursements: | | | | |
| Security of Persons & Property | 17,332 | 8,369 | - | 25,701 |
| Leisure Time Activities | 22,109 | - | - | 22,109 |
| Transportation | - | 23,570 | - | 23,570 |
| General Government | 49,379 | - | - | 49,379 |
| Capital Outlay | 8,268 | 1,360 | - | 9,628 |
| Debt Service: | | | | |
| Principal | 11,700 | 6,557 | - | 18,257 |
| Interest | 2,584 | 4,018 | - | 6,602 |
| Total Disbursements | <u>111,372</u> | <u>43,874</u> | <u>-</u> | <u>155,246</u> |
| Total Receipts Over/(Under) Disbursements | 4,673 | (108) | - | 4,565 |
| Fund Cash Balance, January 1, 2013 | <u>29,227</u> | <u>156,052</u> | <u>1,664</u> | <u>186,943</u> |
| Fund Cash Balance: | | | | |
| Restricted | - | 155,944 | - | 155,944 |
| Assigned | - | - | 1,664 | 1,664 |
| Unassigned | 33,900 | - | - | 33,900 |
| Fund Cash Balance, December 31, 2013 | <u>\$ 33,900</u> | <u>\$ 155,944</u> | <u>\$ 1,664</u> | <u>\$ 191,508</u> |

See Accompanying Notes to the Financial Statements.

**VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
Proprietary Fund Type
For the Year Ended December 31, 2013**

| | Proprietary Fund Types Enterprise |
|---|--|
| Receipts: | |
| Charges for Services | \$ <u>244,186</u> |
| Total Receipts | <u>244,186</u> |
| Disbursements: | |
| Personal Services | 29,933 |
| Fringe Benefits | 18,476 |
| Contractual Services | 44,568 |
| Material and Supplies | 60,273 |
| Other | <u>527</u> |
| Total Disbursements | <u>153,777</u> |
| Excess of Receipts Over/(Under) Disbursements | <u>90,409</u> |
| Non-Operating Receipts/(Disbursements): | |
| Capital Outlay | (23,021) |
| Debt Service: | |
| Redemption of Principal | (33,338) |
| Interest Expense | (8,354) |
| Miscellaneous Receipts | <u>434</u> |
| Total Non-Operating Receipts/(Disbursements) | <u>(64,279)</u> |
| Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements | <u>26,130</u> |
| Fund Cash Balance, January 1, 2013 | <u>134,727</u> |
| Fund Cash Balance, December 31, 2013 | <u><u>\$ 160,857</u></u> |

See Accompanying Notes to the Financial Statements.

**VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2012**

| | Governmental Fund Types | | | Totals- (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|---------------------------------|
| | General | Special Revenue | Capital Projects | |
| Receipts: | | | | |
| Property Taxes | \$ 31,315 | \$ 32,986 | \$ - | \$ 64,301 |
| Municipal Income Tax | 59,141 | - | - | 59,141 |
| Intergovernmental | 25,945 | 27,221 | - | 53,166 |
| Charges for Service | 7,250 | - | - | 7,250 |
| Fines, Licenses and Permits | 3,387 | - | - | 3,387 |
| Interest | 287 | 49 | - | 336 |
| Other | 903 | - | - | 903 |
| Total Receipts | 128,228 | 60,256 | - | 188,484 |
| Disbursements: | | | | |
| Security of Persons & Property | 24,033 | 1,044 | - | 25,077 |
| Leisure Time Activities | 20,852 | - | - | 20,852 |
| Transportation | - | 30,143 | - | 30,143 |
| General Government | 60,005 | - | - | 60,005 |
| Capital Outlay | 1,104 | 26,978 | - | 28,082 |
| Debt Service: | | | | |
| Principal | 24,115 | 3,000 | - | 27,115 |
| Interest | 3,038 | 3,528 | - | 6,566 |
| Total Disbursements | 133,147 | 64,693 | - | 197,840 |
| Total Receipts Over/(Under) Disbursements | (4,919) | (4,437) | - | (9,356) |
| Other Financing Sources/(Uses): | | | | |
| Insurance Reimbursement | 7,833 | - | - | 7,833 |
| Loan Proceeds | - | 25,000 | - | 25,000 |
| Total Other Financing Sources/(Uses) | 7,833 | 25,000 | - | 32,833 |
| Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses | 2,914 | 20,563 | - | 23,477 |
| Fund Cash Balance, January 1, 2012 | 26,313 | 135,489 | 1,664 | 163,466 |
| Fund Cash Balance: | | | | |
| Restricted | - | 156,052 | - | 156,052 |
| Assigned | - | - | 1,664 | 1,664 |
| Unassigned | 29,227 | - | - | 29,227 |
| Fund Cash Balance, December 31, 2012 | \$ 29,227 | \$ 156,052 | \$ 1,664 | \$ 186,943 |

See Accompanying Notes to the Financial Statements.

**VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
Proprietary Fund Type
For the Year Ended December 31, 2012**

| | Proprietary Fund Types Enterprise |
|---|--|
| Receipts: | |
| Charges for Services | \$ <u>232,468</u> |
| Total Receipts | <u>232,468</u> |
| Disbursements: | |
| Personal Services | 31,569 |
| Fringe Benefits | 15,475 |
| Contractual Services | 53,605 |
| Material and Supplies | 63,115 |
| Other | <u>1,040</u> |
| Total Disbursements | <u>164,804</u> |
| Excess of Receipts Over/(Under) Disbursements | <u>67,664</u> |
| Non-Operating Receipts/(Disbursements): | |
| Loan Proceeds | 162,343 |
| Earning on Investments | 90 |
| Miscellaneous Receipts | 722 |
| Intergovernmental | 219,657 |
| Capital Outlay | (418,502) |
| Debt Service: | |
| Redemption of Principal | (29,653) |
| Interest Expense | <u>(9,553)</u> |
| Total Non-Operating Receipts/(Disbursements) | <u>(74,896)</u> |
| Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements | <u>(7,232)</u> |
| Fund Cash Balance, January 1, 2012 | <u>141,959</u> |
| Fund Cash Balance, December 31, 2012 | <u><u>\$ 134,727</u></u> |

See Accompanying Notes to the Financial Statements.

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

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 for the purpose of exercising 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 protection services, water and sewer utilities, park operations, and street maintenance services. The Village contracts with Logan County Sheriff's department to provide police protection for its citizens.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following 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.)

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

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements.

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Street Construction Maintenance & 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.

Capital Projects Funds: These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

- Fire Department Addition Fund – This fund accounted for funds borrowed for the construction of a building used to house the fire department.

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Proprietary Fund Types:

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Village has the following significant Enterprise Funds:

- Sewer Fund- This fund receives loans from OWDA for the planning construction of a wastewater collection system and user fees from residents.
- Water Fund- This fund receives loans from OWDA for the planning construction of a water distribution system and user fees from residents.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS- (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 4.

F. 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.

1. Nonspendable- The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. 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.
3. Committed- The Village Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (Continued)

5. 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.

G. PROPERTY, PLANT AND EQUIPMENT

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

H. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment 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>2013</u> | <u>2012</u> |
| Demand Deposits | <u>\$352,365</u> | <u>\$321,670</u> |

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

3. 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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs Actual Receipts

| <u>Fund:</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|-----------------------|--------------------------|------------------------|-----------------|
| General Fund | \$109,279 | \$116,045 | \$ 6,766 |
| Special Revenue Funds | 45,685 | 43,766 | (1,919) |
| Enterprise Fund | 241,475 | 244,620 | 3,145 |

2013 Budgeted vs Actual Budgetary Basis Disbursements

| <u>Fund:</u> | <u>Appropriation Authority</u> | <u>Budgetary Disbursements</u> | <u>Variance</u> |
|-----------------------|------------------------------------|------------------------------------|-----------------|
| General Fund | \$ 138,506 | \$111,372 | \$27,134 |
| Special Revenue Funds | 201,737 | 43,874 | 157,863 |
| Enterprise Fund | 376,201 | 218,490 | 157,711 |

2012 Budgeted vs Actual Receipts

| <u>Fund:</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|-----------------------|------------------------------|------------------------|-----------------|
| General Fund | \$141,063 | \$136,061 | \$(5,001) |
| Special Revenue Funds | 87,660 | 85,256 | (2,404) |
| Enterprise Fund | 638,641 | 615,280 | (23,361) |

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

4. BUDGETARY ACTIVITY-(Continued)

| <u>2012 Budgeted vs Actual Budgetary Basis Disbursements</u> | | | |
|--|------------------------------------|------------------------------------|-----------------|
| <u>Fund:</u> | <u>Appropriation Authority</u> | <u>Budgetary Disbursements</u> | <u>Variance</u> |
| General Fund | \$167,376 | \$133,147 | \$34,229 |
| Special Revenue Funds | 223,983 | 64,693 | 159,290 |
| Enterprise Fund | 778,049 | 622,512 | 155,537 |

5. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10.0% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll for both years.

The Village paid all required contributions through 2013.

6. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village has obtained commercial insurance for the following risks:

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

There have been no significant reductions in insurance coverage from the prior fiscal year and settled claims have not exceeded this commercial coverage in any of the last three years. The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

7. DEBT

Debt outstanding at December 31, 2013 is as follows:

| <u>Description:</u> | <u>Principal</u> | <u>Interest Rate</u> |
|--|------------------|----------------------|
| Ohio Water Development Authority Loan – Water Tower | \$60,446 | 6.85% |
| Ohio Public Works Commission – Water Main | 23,648 | 0.00% |
| Ohio Public Works Commission-Water Treatment Plant Upgrade | 162,343 | 0.00% |
| Ohio Water Development Authority Loan – Sewer Construction | 1,256,411 | 1.50% |
| Ohio Water Development Authority Loan – WTP Imp Design | 2,239 | 0.00% |
| Citizen’s Bank – Backhoe | 19,243 | 4.25% |
| USDA-Fire Department Addition | 77,000 | 4.25% |
| Total | \$ 1,601,330 | |

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 is being paid in semi-annual installments and matures in 2018.

Ohio Public Works Commission (OPWC) Water Treatment Plant Upgrade loan relates to the water plant upgrade project. The loan was obtained during 2012, will be paid in semi-annual installments beginning July 2014, and matures in 2044.

Ohio Public Works Commission (OPWC) Water Main loan relates to the water main replacement project on State Route 235. The loan was obtained during 1996 and is being paid in semi-annual installments and matures in 2043.

Ohio Water Development Authority (OWDA) Sewer Construction loan relates to expansion of the Village’s jointly owned sewer plant. The loan is being paid by DeGraff and Quincy in semi-annual installments at 1.50 percent interest and matures in 2017. The loan balance listed above and the amortization schedule that follows reflects the total balance owed. DeGraff’s payments, which are directly remitted to OWDA and recorded on DeGraff’s books as principal and interest, are not reflected in the Village of Quincy’s financial statements.

The Citizen’s Bank loan was obtained to purchase a Holland backhoe. The loan will be paid in monthly installments of \$464 at 4.25 percent interest, with final payment in 2017.

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. First payment was July 1, 2010 with final payment January 1, 2014. Semi-annual payments are \$4,927, with no interest.

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

7. DEBT (Continued)

USDA-Fire Department Addition loan relates to improvements to the Village fire house. The loan in the original amount of \$86,000 is being paid in annual installments of \$6,527 at 4.25 percent interest and matures in 2041.

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

| Year | OWDA Water Tower Loans | | OWDA WTP | USDA | |
|-----------|---------------------------|-----------------|----------------|-----------------|-----------------|
| | Principal | Interest | Principal | Principal | Interest |
| 2014 | \$6,822 | \$2,070 | \$2,239 | \$3,000 | \$3,272 |
| 2015 | 14,112 | 3,673 | - | 3,000 | 3,145 |
| 2016 | 15,079 | 2,707 | - | 3,000 | 3,018 |
| 2017 | 16,111 | 1,674 | - | 3,000 | 2,890 |
| 2018 | 8,322 | 570 | - | 3,000 | 2,763 |
| 2019-2023 | - | - | - | 15,000 | 11,901 |
| 2024-2028 | - | - | - | 15,000 | 8,714 |
| 2029-2033 | - | - | - | 15,000 | 5,526 |
| 2034-2038 | - | - | - | 15,000 | 23,812 |
| 2039-2043 | - | - | - | 2,000 | 255 |
| Totals | <u>\$60,446</u> | <u>\$10,694</u> | <u>\$2,239</u> | <u>\$77,000</u> | <u>\$65,296</u> |

| Year | OPWC Water Main | OWDA Sewer Loan | |
|-----------|--------------------|--------------------|------------------|
| | Principal | Principal | Interest |
| 2014 | \$8,868 | \$27,051 | \$9,423 |
| 2015 | 5,912 | 54,712 | 18,236 |
| 2016 | 5,912 | 55,535 | 17,412 |
| 2017 | 2,956 | 56,371 | 16,576 |
| 2018 | - | 57,220 | 15,728 |
| 2019-2023 | - | 299,287 | 65,452 |
| 2024-2028 | - | 322,506 | 42,232 |
| 2029-2033 | - | 347,527 | 17,212 |
| 2032-2034 | - | 36,202 | 272 |
| Totals | <u>\$23,648</u> | <u>\$1,256,411</u> | <u>\$202,543</u> |

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

7. DEBT (Continued)

| <u>Year</u> | <u>OPWC</u> | <u>Citizens' Bank</u> | |
|-------------|--------------------|-----------------------|-----------------|
| | <u>WPT Upgrade</u> | <u>Backhoe</u> | |
| | <u>Principal</u> | <u>Principal</u> | <u>Interest</u> |
| 2014 | \$2,706 | \$4,835 | \$724 |
| 2015 | 5,412 | 5,044 | 514 |
| 2016 | 5,412 | 5,262 | 296 |
| 2017 | 5,412 | 4,102 | 73 |
| 2018 | 5,412 | - | - |
| 2019-2023 | 27,060 | - | - |
| 2024-2028 | 27,060 | - | - |
| 2029-2033 | 27,060 | - | - |
| 2034-2038 | 27,060 | - | - |
| 2039-2043 | 27,060 | - | - |
| 2044 | 2,689 | - | - |
| Totals | <u>\$162,343</u> | <u>\$19,243</u> | <u>\$1,607</u> |

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, operations, and loans 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 through OWDA 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 2013 and 2012, approximately 33 of total costs are the responsibility the Village of Quincy. The Village of DeGraff remits the remaining 67 percent of the semi- annual payment for its share of the debt payment directly to OWDA. DeGraff's payments are not reflected in the financial statements of the Village of Quincy. For 2013 and 2012 the Village of DeGraff paid \$48,874 and \$48,146, respectively.

As noted in Note 7, the balance on the OWDA loan is \$1,256,411.

VILLAGE OF QUINCY
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

9. INCOME TAX

The Village levies an 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. Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) which administers the tax for the Village. RITA remits payments to the Village monthly for taxes collected less administrative fees.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 20, 2014, the date on which the financial statements were available for issue. The review did not reveal any subsequent events which would warrant inclusion here.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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
115 North Main Street
Quincy, Ohio 43343

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Quincy, Logan County (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 20, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Controls Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. *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.

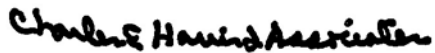
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 20, 2014

VILLAGE OF QUINCY
 LOGAN COUNTY, OHIO
 For the Years Ended December 31, 2013 and 2012

SCHEDULE OF PRIOR AUDIT FINDINGS

| FINDING NUMBER | FUNDING SUMMARY | FULLY CORRECTED? | Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain |
|---------------------------|--|-----------------------------|---|
| 2011-01 | Noncompliance/Material Weakness: Transactions not properly recorded | Yes | |
| 2011-02 | Noncompliance: ORC 5705.36 Estimated resources not amended | N/A | Finding no longer valid |

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Dave Yost • 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
AUGUST 7, 2014**