



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Quincy (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014 and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2013 balances in the prior year audited statements. There was \$157 difference between the report and the prior audit due to a voided check. We also agreed the January 1, 2015 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2014 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

Cash (Continued)

6. We tested interbank account transfers occurring in December of 2015 and 2014 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

Property Taxes, Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. In 2015, the tax receipt amounts were overstated as they included homestead and rollback reimbursements. The General and Fire fund tax receipts were posted at \$6,865 and \$7,081, respectively. They should have been posted at \$5,978 and \$6,228, respectively, which resulted in overstatements of \$887 and \$853, respectively. The Village should post tax receipts at the gross distribution amount with a corresponding disbursement for tax fees to help properly present financial activity. Additionally, homestead and rollback reimbursements should be posted as intergovernmental revenues.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the County Auditor's Vendor Expense Report from 2015 and five from 2014.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

We obtained the December 31, 2015 and 2014 Monthly Distribution Summary reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Receipt Register Report. For 2014, we noted a variance of \$57 in gross receipts recorded in the Receipt Register Report due to the retainer amount. For 2015, we noted the Village posted \$967 of income tax distributed in 2015, in January 2016. The Village should implement procedures to ensure gross income taxes are reported as receipts with a corresponding expenditure for fees and adjustments.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2015 and 10 Water and Sewer Fund collection cash receipts from the year ended 2014 from the customer's billing stubs and determined whether the:
 - a. Receipt amount per the billing stub agreed to the amount recorded to the credit of the customer's account in the Utility System Cash Receipts Journal report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility System Cash Receipts Journal report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

2. We read the Utility Billing Delinquent List.
 - a. We noted this report listed \$7,258 and \$5,606 of accounts receivable as of December 31, 2015 and 2014, respectively.
 - b. Of the total receivables reported in the preceding step, \$1,490 and \$2,536 were recorded as more than 90 days delinquent.

3. We read the Utility Trial Balance report.
 - a. We noted this report listed a total of \$210 and \$224 non-cash receipts adjustments for the years ended December 31, 2015 and 2014, respectively.
 - b. We selected five non-cash adjustments from 2015 and five non-cash adjustments from 2014, and noted that written approval was not obtained. The Village should implement policies and procedures to ensure all non-cash adjustments are properly approved by Council, Board of Public Affairs, and/or other appropriate personnel to help prevent unauthorized adjustments.

Debt

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2013. These amounts agreed to the Villages January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
OWDA- Water Tower	\$ 60,446
OPWC – Water Main	23,648
OPWC – Water Treatment Plant Upgrade	162,343
OWDA – Sewer Construction	1,256,411
OWDA – WTP Improvement Design	2,239
Citizen's Bank - Backhoe	19,243
USDA – Fire Department Addition	77,000

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt payments agreed to the summary we used in step 3. We noted no new debt issuances during 2015 or 2014.

Debt (Continued)

3. We obtained a summary of loan debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to the Water, Sewer, Water Surcharge, Street Levy, Fire Levy, and General Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found one exception in 2014 and one exception in 2015. The Village's payments were due January 1, 2014 and January 22, 2015; however those payments were made on January 7, 2014 and January 27, 2015, respectively. The Village should review amortization schedules and invoices and implement procedures to ensure timely payments to help avoid fees and penalties.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Village's payroll records and:
 - a. We compared the hours and pay rate, or salary recorded on the employee's pay stub to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files, minute record, or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2015. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2016	November 27, 2015 December 24, 2015 January 27, 2016	\$3,106.36	\$3,106.36
State income taxes	January 31, 2016	January 26, 2016	\$480.22	\$480.22
Village of Quincy income tax	January 31, 2016	January 26, 2016	\$78.63	\$78.63
OPERS retirement	January 30, 2016	January 26, 2016	\$1,708.83	\$1,708.83
Riverside Local School District income tax	January 31, 2016	January 26, 2016	\$384.54	\$384.54

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2015 and ten from the year ended 2014 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Sewer Enterprise Reserve, and Water Surcharge funds for the years ended December 31, 2015 and 2014. The amounts agreed.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, State Highway and Water funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2015 and 2014 for the following funds: General, Street Construction Maintenance & Repair, and Sewer Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report except for the Street Construction Maintenance & Repair Fund in 2014. The Village's approved appropriations for the Street Construction Maintenance & Repair Fund was \$41,915; however, the Appropriation Status Report reflected \$56,089. The Fiscal Officer should periodically compare approved appropriations to the amounts recorded on the Appropriation Status Report to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and monitoring purposes.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Other Special Revenue (2901) and Sewer Enterprise Deposit funds for the years ended December 31, 2015 and 2014. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations for the years ended December 31, 2015 and 2014 for the General, Other Special Revenue (2901) and Sewer Enterprise Deposit funds. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.

Compliance – Budgetary (Continued)

7. We scanned the 2015 and 2014 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Other Compliance

Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

Columbus, Ohio

June 13, 2016



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VILLAGE OF QUINCY

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 5, 2016