

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

Financial Statements
(Audited)

For the Year Ended
December 31, 2015

CINDY SIDEY, FISCAL OFFICER



Dave Yost • Auditor of State

Village Council
Village of Buckland
100 Old Tile Mill Rd
Buckland, OH 45819

We have reviewed the *Independent Auditor's Report* of the Village of Buckland, Auglaize County, prepared by Julian & Grube, Inc., for the audit period January 1, 2015 through December 31, 2015. 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 Buckland is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

October 30, 2017

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**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Village of Buckland
Auglaize County
104 North Main Street
Buckland, Ohio 45819

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Buckland, Auglaize County, Ohio, as of and for the year ended December 31, 2015.

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 of Buckland'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 of Buckland'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 opinion.

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

As described in Note 2 of the financial statements, the Village of Buckland 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of Buckland does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 of Buckland as of December 31, 2015, or changes in financial position or cash flows thereof for the year 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 Buckland, Auglaize County, Ohio, as of December 31, 2015, and its combined cash receipts and disbursements for the year 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017, on our consideration of the Village of Buckland'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 of Buckland's internal control over financial reporting and compliance.



Julian & Grube, Inc.
September 28, 2017

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and Other Local Taxes	\$ 1,714	\$ 662	\$ 2,376
Municipal Income Tax	23,666	-	23,666
Intergovernmental	39,164	11,375	50,539
Special Assessments	903	-	903
Charges for Services	97	-	97
Fines, Licenses and Permits	1,687	-	1,687
Miscellaneous	1,202	-	1,202
Total cash receipts	<u>68,433</u>	<u>12,037</u>	<u>80,470</u>
Cash disbursements:			
Current:			
Security of Persons and Property	10,248	-	10,248
Leisure Time Activities	8,794	-	8,794
Transportation	4,163	5,169	9,332
General Government	38,758	294	39,052
Total cash disbursements	<u>61,963</u>	<u>5,463</u>	<u>67,426</u>
Excess of receipts over (under) disbursements	<u>6,470</u>	<u>6,574</u>	<u>13,044</u>
Other Financing Receipts (Disbursements):			
Sale of Capital Assets	<u>8,298</u>	<u>-</u>	<u>8,298</u>
Total Other Financing Receipts (Disbursements)	<u>8,298</u>	<u>-</u>	<u>8,298</u>
Net change in fund cash balances	14,768	6,574	21,342
Fund cash balances, January 1, 2015	<u>23,008</u>	<u>37,457</u>	<u>60,465</u>
Fund cash balances:			
Restricted	-	44,031	44,031
Assigned	-	-	-
Unassigned (Deficit)	37,776	-	37,776
Fund cash balances, December 31, 2015	<u>\$ 37,776</u>	<u>\$ 44,031</u>	<u>\$ 81,807</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating cash receipts:	
Charges for Services	\$ 21,337
Total operating cash receipts	21,337
Operating cash disbursements:	
Personal Services	3,289
Employee Fringe Benefits	95
Contractual Services	49,741
Total operating cash disbursements	53,125
Operating income (loss)	(31,788)
Nonoperating cash receipts/(disbursements):	
Intergovernmental	203,143
Other Debt Proceeds	217,681
Capital Outlay	(378,239)
Principal	(5,460)
Interest and Other Fiscal Charges	(3,174)
Total nonoperating cash receipts/(disbursements)	33,951
Net change in fund cash balances	2,163
Fund cash balances, January 1, 2015	20,192
Fund cash balances, December 31, 2015	\$ 22,355

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 - Reporting Entity

The Village of Buckland (the Village), Auglaize County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, and police services. The Village contracts with the Buckland Volunteer Fire Department to provide fire protection services. The Village appropriates general fund money to support a volunteer fire department. The Village contracts with Cridersville Fire Department to receive ambulance services. The Village appropriates general fund money to support ambulance services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a jointly governed organization and a public entity risk pool. Notes 7 and 8 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

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

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

A summary of 2015 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Note 3 - Compliance

The Village did not comply with the following material compliance requirements:

- Ohio Administrative Code 117-2-02 Required accounting records
- Ohio Revised Code 5705.38(A) Annual appropriation measures
- Ohio Revised Code 5705.40, 5705.41(B) and 5705.41(D) Restriction upon appropriating and expending money
- Ohio Revised Code 5705.42 Recording and appropriating on-behalf activity

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,891	\$76,731	\$17,840
Special Revenue	6,250	12,037	5,787
Enterprise	123,292	442,161	318,869
Total	\$188,433	\$530,929	\$342,496

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$63,865	(\$63,865)
Special Revenue	0	5,979	(5,979)
Enterprise	0	440,895	(440,895)
Total	\$0	\$510,739	(\$510,739)

Contrary to Ohio law, the Village did not file appropriations with the County Auditor or budget commission for the year ended December 31, 2015. Further, budgetary expenditures exceeded appropriation authority for the following funds in the amounts noted:

- \$63,865 in the General Fund
- \$5,760 in the Street Construction, Maintenance, and Repair Fund
- \$219 in the State Highway Fund
- \$440,895 in the Sewer Operating Fund

Note 5 - Deposits

Deposits are insured by the Federal Depository Insurance Corporation; the carrying amount of deposits at December 31, 2015 was \$104,162.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 - Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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

Income Taxes

The Village levies a municipal income tax of 1 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) formally known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio Governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the first OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years and there has been no significant changes in coverage from the prior year.

The Pool's audited financial statement conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

The complete audited financial statements for OPRM can be seen on the Plan's website, www.ohioplan.org

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 - Jointly Governed Organization

The Auglaize County Regional Planning Commission, Auglaize County, (the Commission), 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 Commission is directed by a fifty-four member Board. The Board consists of representatives from participating political subdivisions, the county commissioners, and appointed citizens. The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region. Financial information can be obtained from Kurt Rodeheffer, Secretary/Treasurer at krodeheffer@auglaizecounty.org or 419-739-6740.

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2016</i>	<i>10%</i>	<i>14%</i>
<i>OPERS – Public Safety</i>	<i>2014-2016</i>	<i>12.00%</i>	<i>18.10%</i>
<i>OPERS – Law Enforcement</i>	<i>2014-2016</i>	<i>13.00%</i>	<i>18.10%</i>

Social Security

Seven of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Note 10 – Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 6334	\$199,670	1.5%
Ohio Water Development Authority Loan 6637	221,583	0.0%
Total	<u>\$421,253</u>	

The Ohio Water Development Authority (OWDA) loans relate to a sewer plant project the Ohio Environmental Protection Agency mandated. The OWDA approved loans to the Village for this project.

The OWDA Loan 6334 was for the land purchase associated with the project. The total amount borrowed, including capitalized interest, was \$205,130. The Village will repay the loan in semiannual installments of \$4,258, including interest, over 30 years. Wastewater service charges collateralize the loan.

The OWDA Loan 6637 was for planning and construction of the new sewer facility. This loan consists of three sub-loans. The Village borrowed \$158,699 from the Water Pollution Control Loan Fund portion which is a principal forgiveness loan. The Village received \$21,867 from the principal forgiveness loan during 2015, which is recorded in the accompanying financial statements as intergovernmental receipts in the enterprise fund statement. The Village borrowed \$750,000 from the Other Projects – Un-Sewered Area Assistance Fund portion which is also a principal forgiveness loan. The full amount was recorded in prior year as intergovernmental receipts in the enterprise fund statement. The Village borrowed \$221,583 out of \$288,515 available from the Water Pollution Control Fund. The Village will repay the loans in semiannual installments of \$5,540 over twenty years beginning in 2016. Wastewater service charges collateralize the loan.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Amortization

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

Year ending December 31:	OWDA	OWDA
	<u>Loan 6334</u>	<u>Loan 6637</u>
2016	\$8,516	\$5,540
2017	8,516	11,079
2018	8,516	11,079
2019	8,516	11,079
2020	8,516	11,079
2021-2025	42,582	55,396
2026-2030	42,582	55,396
2031-2035	42,582	55,396
2036-2040	42,582	5,539
2041-2044	34,064	
Total	<u>\$246,972</u>	<u>\$221,583</u>



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Village of Buckland
Auglaize County
104 North Main Street
Buckland, Ohio 45819

To the Members of Council and Mayor:

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 Buckland, Auglaize County, Ohio, as of and for the year ended December 31, 2015 and the related notes to the financial statements and have issued our report thereon dated September 28, 2017, wherein we noted the Village of Buckland followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Buckland's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Buckland'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 a 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 of Buckland'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2015-001, 2015-002 and 2015-005 to be material weaknesses.

Members of Council and Mayor
Village of Buckland

Compliance and Other Matters

As part of reasonably assuring whether the Village of Buckland'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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2015-001 and 2015-003 through 2015-005.

Village of Buckland's Response to Findings

The Village of Buckland's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Village of Buckland's response and, accordingly, we express no opinion on it.

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 of Buckland's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Buckland's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
September 28, 2017

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2015**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2015-001

Noncompliance/Material Weakness - Financial Statement Presentation

Ohio Rev. Code § 733.28 requires that the Village Clerk shall keep the books of the Village, exhibit accurate statements of all moneys received and expended, of all the property owned by the Village and the income derived there from, and of all taxes and assessments. Additionally, Ohio Admin. Code § 117-2-02(A) states, in part, that all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Numerous adjustments were made to the financial statements and notes to the financial statements for the year ended December 31, 2015 to properly state financial statement amounts. In addition, numerous material adjustments were made to the Village's notes to the financial statements. The audited financial statements and Village records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Village consult with their auditors, the Village Handbook, or an accounting firm/consultant or seek additional training courses on financial statement preparation to help ensure accurate financial reporting.

Client Response: Client did not provide a response.

Finding Number	2015-002
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Material Weakness - Bank Reconciliation

The Village's bank statements should be reconciled on a monthly basis, promptly after month end. Further, these bank reconciliations along with supporting documentation should be submitted to the Village Council for review and approval at the meeting date following month end.

Accurate reconciliations of the Village's accounting system to the bank statements for the year ended December 31, 2015 were not performed and completed until several months after year end. Upon completion of the reconciliation, cash adjustments were required to properly state the Village's activities. These adjustments were included in the financial statements and posted to the Village's system.

Not providing the Village Council with timely and accurate monthly reconciliations results in the Village relying on misrepresented financial information in which they base their decisions.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2015**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2015-002 - (Continued)

We recommend the Village Fiscal Officer timely reconcile its bank statements and provide the reconciliation and supporting documentation to the Village Council. A Village Council representative should review the bank reconciliations for any unusual items and document their approval by initialing the reconciliation. This may significantly improve the system of checks and balances necessary for strong cash control.

Client Response: Client did not provide a response.

Finding Number	2015-003
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Noncompliance

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

Ohio Rev. Code § 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

The Village did not file appropriations with the County Auditor and did not obtain a certificate from the County Auditor that total appropriations from each fund did not exceed estimated resources therefore no appropriation measure was effective in 2015. Furthermore, appropriations were not approved by Council. At December 31, 2015, the Village had disbursements in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	0	63,865	(63,865)
Street Fund	0	5,760	(5,760)
State Highway Fund	0	219	(219)
Sewer Operating Fund	0	440,895	(440,895)

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2015**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2015-003 - (Continued)

The Village should implement procedures to verify that budgetary compliance requirements are met and all documents required to be submitted to the County Auditor are submitted and approval is received and maintained on file. Failure to obtain requisite approval renders the appropriations illegal and could result in expenditures made by the Village being deemed unallowable by the courts.

Client Response: Village performed budgetary activity during the year but was unaware of the required budgetary reporting requirements.

Finding Number	2015-004
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Noncompliance - Ohio Revised Code Section 5705.41 (D)

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village had 85% of disbursements tested with an invoice that was dated prior to the purchase order, thus causing those disbursements not to be certified in a timely manner.

Without proper certification, the Village may expend more funds than available in the treasury or in the process of collection, or than funds appropriated. It may also result in unnecessary or undesirable purchases.

We recommend that all orders or contracts involving the disbursement of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: Client did not provide a response.

Finding Number	2015-005
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Noncompliance/Material Weakness - OPWC & OWDA

Ohio Rev. Code § 5705.42 requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2015**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2015-005 - (Continued)

The Ohio Public Works Commission (OPWC) and the Ohio Water Development Authority (OWDA) expended funds for various projects on behalf of the Village. Under the terms of these agreements, OPWC and OWDA made payments directly to the vendor/contractor(s) on the Village's behalf. On-behalf moneys were paid by OWDA in the amount of \$196,963 and OPWC in the amount of \$181,276. These payments were not recorded in the Village's accounting records, thus understating their enterprise funds' other debt proceeds, intergovernmental receipts and disbursements.

Any payments made on behalf of the Village by another party should be recorded by the Village as a receipt and disbursement. Failure to do so results in an understatement of receipts and disbursements.

We recommend the Village inquire with the OPWC and OWDA at least on an annual basis to ensure they are aware of all transactions made on their behalf.

Client Response: Client did not provide a response.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2014-001	<u>Noncompliance</u> - The Village did not have a risk assessment process in place that would have identified the problems in processing and reporting financial information. The Village's financial reports for 2014 and 2013 contained errors which resulted in reclassifications and adjustments to correctly report the financial activity during the period, which is noncompliance with Ohio Revised Code § 733.28 and Ohio Administrative Code § 117-2-02(A).	No	Repeated as finding 2015-001
2014-002	<u>Noncompliance</u> - The Village had credit cards in its name for use by employees and officials during the audit period. Payments were made during 2014 and 2013 related to the Village's credit cards which did not have appropriate supporting documentation, which is noncompliant with the State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) and Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose.	Yes	Village took corrective action; credit cards canceled
2014-003	<u>Noncompliance</u> - During 2014, the Village approved appropriations in excess of estimated resources and budgeted expenditures in excess of appropriations in several funds. During 2013, the Village did not file a certificate of available resources or appropriations with the County Auditor and did not obtain a certificate from the County Auditor that total appropriations from each fund did not exceed estimated resources therefore no appropriation measure was effective in 2013. At December 31, 2013, the Village had disbursements in excess of appropriations in several funds. This is noncompliant with Ohio Revised Code § 5705.38(A), § 5705.39, and § 5705.41(B).	No	Partially Corrected; Repeated as finding 2015-003
2014-004	<u>Noncompliance</u> - The Village was unable to provide certain records requested during audit, which is noncompliant with § 149.351(A).	Yes	Finding no longer valid
2014-005	<u>Bank Reconciliations</u> - The Auditor of State assisted the Village in reconciling its books during the engagement. At December 31, 2014, there was an unknown variance of \$3,027 between the adjusted book balance and the reconciled cash balance. The bank was less than the books. The financial statements were not adjusted for this error.	No	Repeated as finding 2015-002

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Dave Yost • Auditor of State

VILLAGE OF BUCKLAND

AUGLAIZE 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
NOVEMBER 9, 2017