

VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Buckland
100 Old Tile Mill Road
Buckland, Ohio 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, 2019 through December 31, 2020. 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 cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 13, 2021

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**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

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Independent Auditor's Report

Village of Buckland
Auglaize County
100 Old Mill Road
Buckland, Ohio 45819

To Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type for the years ended December 31, 2020 and December 31, 2019, and related notes of the Village of Buckland, Auglaize County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village of Buckland's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2, the financial statements are prepared by the Village of Buckland, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be 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 "Unmodified 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, 2020 and 2019, or changes in net position, or cash flows thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type for the years ended December 31, 2020 and December 31, 2019, and related notes of the Village of Buckland, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

Emphasis of Matters

As described in Note 11 to the financial statements, for the year ended December 31, 2020, the Village of Buckland adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 10 to the financial statements, for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the the Village of Buckland. Our opinions are not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2021 on our consideration of the Village of Buckland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Buckland's 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.
July 30, 2021

Village of Buckland, Ohio
Auglaize County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$9,786	\$0	\$9,786
Municipal Income Tax	26,160	-	26,160
Intergovernmental	45,043	16,501	61,544
Charges for Services	900	-	900
Fines, Licenses and Permits	2,265	-	2,265
Miscellaneous	4,600	-	4,600
<i>Total Cash Receipts</i>	<u>88,754</u>	<u>16,501</u>	<u>105,255</u>
Cash Disbursements			
Current:			
Security of Persons and Property	7,963	-	7,963
Leisure Time Activities	7,081	-	7,081
Community Environment	1,294	-	1,294
Transportation	-	2,010	2,010
General Government	38,673	-	38,673
Capital Outlay	13,948	-	13,948
<i>Total Cash Disbursements</i>	<u>68,959</u>	<u>2,010</u>	<u>70,969</u>
<i>Net Change in Fund Cash Balances</i>	19,795	14,491	34,286
<i>Fund Cash Balances, January 1</i>	<u>191,798</u>	<u>72,131</u>	<u>263,929</u>
<i>Fund Cash Balances, December 31</i>	<u>\$211,593</u>	<u>\$86,622</u>	<u>\$298,215</u>

See accompanying notes to the financial statements

Village of Buckland, Ohio
Auglaize County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$72,129
<i>Total Operating Cash Receipts</i>	<u>72,129</u>
Operating Cash Disbursements	
Personal Services	5,011
Employee Fringe Benefits	824
Contractual Services	23,991
Supplies and Materials	1,537
<i>Total Operating Cash Disbursements</i>	<u>31,363</u>
<i>Operating Income (Loss)</i>	<u>40,766</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	4,209
Principal Retirement	(17,007)
Interest and Other Fiscal Charges	(2,588)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(15,386)</u>
<i>Net Change in Fund Cash Balances</i>	25,380
<i>Fund Cash Balances, January 1</i>	<u>101,100</u>
<i>Fund Cash Balances, December 31</i>	<u>\$126,480</u>

See accompanying notes to the financial statements

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 water and sewer utilities, park operations, and police services. The Village contracts with the Buckland Volunteer Fire Dept. Inc. to receive fire protection services. The Village also contracts with the Cridersville Fire Dept. to receive EMS 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 6 and 7 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all 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 the 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 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, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered 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 carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes deposits as assets. The Village has no investments.

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.

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:

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,400	\$88,754	(\$1,646)
Special Revenue	14,100	16,501	\$2,401
Enterprise	69,000	76,338	\$7,338
Total	\$173,500	\$181,593	\$8,093

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$285,024	\$72,630	\$212,394
Special Revenue	46,138	2,877	\$43,261
Enterprise	106,094	52,778	\$53,316
Total	\$437,256	\$128,285	\$308,971

Note 4 – Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution; the carrying amount of deposits at December 31, 2020 was \$424,695.

Note 5 - 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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. Income tax revenue is credited to the General fund. The Village utilizes the Regional Income Tax Agency as a collection agency for the Village income taxes.

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – 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 krhodeheffer@auglaizecounty.org or 419-739-6740.

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Three Village 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 health care and survivor and disability benefits.

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, 2020.

Social Security

Nine Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 6637	166,187	0.00%
Ohio Water Development Authority Loan 6334	168,139	1.50%
Total	<u>\$334,326</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. Sewer service charges collateralize the loan.

The OWDA Loan 6637 was for planning and construction of the new sewer facility. The Village borrowed \$221,583. The Village will repay the loans in semiannual installments of \$5,540. Sewer service charges collateralize the loan.

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Amortization

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

Year ending December 31:	OWDA Loan <u>6637</u>	OWDA Loan <u>6334</u>
2021	\$5,540	\$4,258
2022	11,079	8,516
2023	11,079	8,516
2024	11,079	8,516
2025	11,079	8,516
2026-2030	55,396	42,582
2031-2035	55,396	42,582
2036-2040	5,540	42,582
2041-2044	-	34,064
Total	<u>\$166,188</u>	<u>\$200,132</u>

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 11 – Changes in Accounting Principle

For 2020, the Village made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

Note 12 – Fund Balances

Included in fund balances are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$3,671</u>	<u>\$867</u>	<u>\$4,538</u>
Total	<u>\$3,671</u>	<u>\$867</u>	<u>\$4,538</u>

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2020.

Note 14 – Noncompliance

The Village was in noncompliance with the following:

- Ohio Administrative Code 117-2-02(D) for not keeping sufficient documentation of payroll withholdings and remittances.
- 26 US Code Sections 3102 and 3402 for not remitting filings or payments on certain quarterly federal withholdings or applicable employer matches.
- Ohio Revised Code Sections 5747.06 and 5747.07 (B) for not remitting State, School District, or Local income tax withholdings to the required agencies.
- Ohio Administrative Code Section 117-2-02(C)(1) due to UAN amounts not agreeing to the Council approved appropriations or estimated resources not agreeing to the County Auditor Certified amended certificates.

Village of Buckland, Ohio
Auglaize County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$10,376	\$0	\$10,376
Municipal Income Tax	34,037	-	34,037
Intergovernmental	45,517	13,769	59,286
Charges for Services	580	-	580
Fines, Licenses and Permits	2,172	-	2,172
Miscellaneous	9,961	-	9,961
<i>Total Cash Receipts</i>	<u>102,643</u>	<u>13,769</u>	<u>116,412</u>
Cash Disbursements			
Current:			
Security of Persons and Property	8,205	-	8,205
Leisure Time Activities	9,839	-	9,839
Community Environment	1,594	-	1,594
Transportation	-	2,952	2,952
General Government	44,482	-	44,482
Capital Outlay	17,588	-	17,588
<i>Total Cash Disbursements</i>	<u>81,708</u>	<u>2,952</u>	<u>84,660</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,935</u>	<u>10,817</u>	<u>31,752</u>
<i>Net Change in Fund Cash Balances</i>	20,935	10,817	31,752
<i>Fund Cash Balances, January 1</i>	<u>170,863</u>	<u>61,314</u>	<u>232,177</u>
Restricted	-	72,131	72,131
Assigned	191,798	-	191,798
<i>Fund Cash Balances, December 31</i>	<u>\$191,798</u>	<u>\$72,131</u>	<u>\$263,929</u>

See accompanying notes to the financial statements

Village of Buckland, Ohio
Auglaize County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2019

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$69,249
Miscellaneous	\$300
<i>Total Operating Cash Receipts</i>	<i>69,549</i>
Operating Cash Disbursements	
Personal Services	5,273
Employee Fringe Benefits	1,206
Contractual Services	24,418
Supplies and Materials	4,423
<i>Total Operating Cash Disbursements</i>	<i>35,320</i>
<i>Operating Income (Loss)</i>	<i>34,229</i>
Non-Operating Receipts (Disbursements)	
Special Assessments	2,388
Principal Retirement	(16,919)
Interest and Other Fiscal Charges	(2,676)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(17,207)</i>
<i>Net Change in Fund Cash Balances</i>	<i>17,022</i>
<i>Fund Cash Balances, January 1</i>	<i>84,078</i>
<i>Fund Cash Balances, December 31</i>	<i>\$101,100</i>

See accompanying notes to the financial statements

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 water and sewer utilities, park operations, and police services. The Village contracts with Buckland Volunteer Fire Dept. Inc. to receive fire protection services. The Village also contracts with the Cridersville Fire Dept. for EMS 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 6 and 7 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all 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 the 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 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, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered 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 carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes deposits as assets. The Village has no investments.

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.

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:

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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*. Assigned also includes amounts for subsequent year appropriations in excess of estimated receipts.

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 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,599	\$102,643	\$34,044
Special Revenue	10,250	13,769	3,519
Enterprise	69,000	71,937	2,937
Total	\$147,849	\$188,349	\$40,500

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$202,687	\$84,405	\$118,282
Special Revenue	36,508	3,661	32,847
Enterprise	106,816	56,309	50,507
Total	\$346,011	\$144,375	\$201,636

Note 4 - Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution; the carrying amount of deposits at December 31, 2019 was \$365,029.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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. Income tax revenue is credited to the General fund. The Village utilizes the Regional Income Tax Agency as a collection agency for Village Income Taxes.

Note 6 – Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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").

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Jointly Governed Organizations

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 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Three Village 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 health care and survivor and disability benefits.

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2019.

Social Security

Eight Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 6334	174,066	1.50%
Ohio Water Development Authority Loan 6637	177,266	0.00%
Total	<u>\$351,333</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. Sewer service charges collateralize the loan.

The OWDA Loan 6637 was for planning and construction of the new sewer facility. The Village borrowed \$221,583. The Village will repay the loans in semiannual installments of \$5,540. Sewer service charges collateralize the loan.

Village of Buckland, OH
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

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

Year ending	OWDA Loan	OWDA Loan
December 31:	<u>6637</u>	<u>6334</u>
2020	\$5,540	\$4,258
2021	11,079	8,516
2022	11,079	8,516
2023	11,079	8,516
2024	11,079	8,516
2025-2029	55,396	42,582
2030-2034	55,396	42,582
2035-2039	16,618	42,582
2040-2044	-	42,580
Total	<u>\$177,266</u>	<u>\$208,648</u>

Note 10 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2019.

Note 11 – Noncompliance

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

- Ohio Administrative Code 117-2-02(D) for not keeping sufficient documentation of payroll withholdings and remittances.
- 26 US Code Sections 3102 and 3402 for not remitting filings or payments on certain quarterly federal withholdings or applicable employer matches.
- Ohio Revised Code Sections 5747.06 and 5747.07 (B) for not remitting State, School District, or Local income tax withholdings to the required agencies.
- Ohio Revised Code Section 5705.36 due to certified balances not agreeing to the audited report.
- Ohio Administrative Code Section 117-2-02(C)(1) due to UAN amounts not agreeing to the Council approved appropriations or estimated resources not agreeing to the County Auditor Certified amended certificates.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Village of Buckland
Auglaize County
100 Old Mill Road
Buckland, Ohio 45819

To Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Buckland, Auglaize County, Ohio, as of and for the years ended December 31, 2020 and December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated July 30, 2021, wherein we noted as described in Note 2 to the financial statements, the Village of Buckland followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 11 to the financial statements, for the year ended December 31, 2020 the Village of Buckland adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Additionally, as described in Note 10 to the financial statements, for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Buckland.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Buckland's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Buckland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Buckland's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of Buckland's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 through 2020-005 and 2020-007 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Buckland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2020-003 through 2020-007.

Village of Buckland's Responses to Findings

The Village of Buckland's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village of Buckland's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Buckland's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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.
July 30, 2021

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

The following adjustments were made to the financial statements and notes for the years ended December 31, 2020 and 2019, respectively.

2020:

- Reclass principal disbursements in the amount of \$17,007 from interest and other fiscal charges to principal retirement (Proprietary Fund Type/Enterprise Fund/Sewer Fund)
- Reclass special assessment receipts in the amount of \$4,209 from charges for services to special assessments (Proprietary Fund Type/Enterprise Fund/Sewer Fund)
- Reclass capital outlay disbursements in the amount of \$13,948 from leisure time activities to capital outlay (General Fund)
- Decrease beginning fund balance in the general fund and increase beginning fund balance in the Proprietary Fund Type/Enterprise Fund/Sewer Fund in the amount of \$2,268

2019:

- Decrease cash and property and other local taxes receipts in the General Fund and increase cash and special assessments receipts in the Proprietary Fund Type/Enterprise Fund/Sewer Fund in the amount of \$2,268
- Increase property and other local taxes receipts \$4,307, decrease intergovernmental receipts \$3,745, increase general government disbursements \$562 in the General Fund
- Reclass principal disbursements in the amount of \$16,919 from interest and other fiscal charges to principal retirement (Proprietary Fund Type/Enterprise Fund/Sewer Fund)
- Reclass capital outlay disbursements in the amounts of \$10,800 from leisure time activities and \$6,788 from general government to capital outlay (General Fund)
- Reclass \$191,798 of unassigned fund balance to assigned fund balance in the General Fund.

Control procedures not properly developed related to the financial statements limit management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Village of Buckland implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: The Village Fiscal Officer will more closely examine HINKLE filed report prior to filing and will record future permits in the appropriate receipt classifications.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-002

Material Weakness – Bank Reconciliations

The Fiscal Officer is responsible for reconciling the Village’s book (fund) balance with no unidentified items to the total bank balance on a monthly basis.

While the Village Fiscal Officer performed monthly bank reconciliations, certain months did not balance to a zero unidentified amount. Further, bank reconciliations were not completed timely and contained numerous outstanding checks from years as early as 2017. Total old outstanding checks for the years ended December 31, 2020 and December 31, 2019 were \$6,192 and \$5,987, respectively.

Lack of timely and accurate monthly balanced bank statements to a zero unidentified amount may lead to misappropriations of assets and may decrease the Village’s ability to identify any discrepancies and resolve in a timely manner.

The Fiscal Officer should prepare the monthly cash reconciliations to a zero unidentified amount. The Village Council should review and approve each reconciliation by signing and dating said reconciliation.

Client Response: The Village Fiscal Officer has contracted with a CPA firm to assist in evaluating the discrepancies noted above and expect to have them resolved in August 2021.

Finding Number	2020-003
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Material Weakness/Noncompliance – Payroll Records

Ohio Admin. Code Section 117-2-02(D) provides all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Further, all local public offices should maintain or provide a report similar to the following accounting records:

- a. Payroll records including:
 - i. W-2’s, W-4’s and other withholding records and authorizations;
 - ii. Payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments;
 - iii. Check register that includes, in numerical sequence, the check number, payee, net amount, and the date;
 - iv. Information regarding nonmonetary benefits such as car usage and life insurance; and,
 - v. Information, by employee, regarding leave balances and usage.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-003 (continued)

While the Village did maintain adequate accounting records, regarding the payment of payroll, the Village lacked proper payroll records consisting of evidence of filing certain withholding and employer portion of payroll taxes.

The Village failed to file and submit payment for certain Federal, State, School District and Local payroll withholdings and applicable employer portions for payroll paid.

Lack of filing and payments timely of certain payroll withholding and employer match payments could put the Village at risk for penalties and interest and additionally could lead to a more costly audit and increases the risk for misappropriations.

We recommend that the Village contact the applicable agencies and arrange to file and make payment or outstanding payroll tax withholdings and applicable employer match payments.

Client Response: There was as a period of time in which the Village had numerous Fiscal Officers, the current Fiscal Officer is working with the applicable agencies to file the late remittances. This is expected to be fully resolved in August/September 2021.

Finding Number	2020-004
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Material Weakness/Noncompliance – Federal Withholding

26 US Code Sections 3102 and 3402 require the employing government to withhold federal and employment-related taxes (such as Medicare and Social Security) from each employee. Furthermore, these chapters hold employers liable for reporting and payment of these taxes.

The Village did not file nor submit timely Federal withholding and applicable employer match reports and payments to the IRS for two quarters in 2019 and for all four quarters in 2020. Total estimated unremitted and unpaid is \$3,300.

Lack of filing timely reports and taxes due to the IRS may result in additional fines and penalties.

We recommend that the Village contact the IRS and work to immediately submit and Federal withholding/employer portion taxes and remittances to the IRS in a timely fashion.

Client Response: The current Fiscal Officer is actively working with the IRS and a CPA firm to resolve any discrepancies and expects to have all filings and remittances resolved in August/September 2021.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-005

Material Weakness/Noncompliance – Other Withholdings

Ohio Revised Code Section 5747.06 requires every employer, including political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to any employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee’s compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee’s adjusted gross income during the calendar year.

Ohio Revised Code Section 5747.07 (B) provides that, with certain exceptions, every employer is required to deduct and withhold any amount under Ohio Revised Code Section 5747.06 shall file a return and shall pay the amount required by law in accordance with guidelines provided by this section.

The Village did not remit all required State, School District, or Local income tax withholdings to the required agencies for certain quarters in 2019 and 2020. Total estimated unremitted and unpaid is \$216 for School District withholding and \$183 for Ohio withholding. The Village withholds its own local tax, however, has not remitted those to itself. The estimated amount is \$264.

Lack of filing timely reports and taxes due to the applicable agencies may result in additional fines and penalties.

We recommend that the Village immediately contact the agencies delinquent and submit/remittance any filings/payments due for employee withholding taxes.

Client Response: The current Fiscal Officer is actively working with the local agencies and a CPA firm to resolve any discrepancies and expects to have all filings and remittances resolved in August/September 2021.

Finding Number	2020-006
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Noncompliance

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not properly certify unencumbered fund balances at January 1, 2019.

The Village is not properly certifying its audited balances to the appropriate authorities as required by law.

We recommend the Village consult the Ohio Compliance Supplement, the Village Officer’s Manual and its auditors to ensure that Village fund balances agree to audited reports. This will facilitate the Village’s appropriation process.

Client Response: The Village is attempting to verify balances agree to audited reports and submit revised information to the County if applicable.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-007

Material Weakness/Noncompliance

Ohio Administrative Code Section 117-2-02(C)(1) states in part: “All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system.” This means designing an accounting system to provide ongoing and timely information on budgetary receipts and appropriations.

While the Village utilizes the UAN system, which incorporates budgetary functions, the following deficiencies/discrepancies were noted:

- (1) The Village’s UAN either excluded certain amounts appropriated by the Village Council, amounts in UAN did not agree to Council approved appropriations and/or amounts were modified at or below the legal level of control without evidence of Village Council approval.
- (2) The Village’s UAN amounts for estimated receipts did not agree to County Auditor certified amended certificates.

The UAN system should incorporate estimated receipts/appropriations only certified/approved by the County Auditor/Village Council. Inaccurate information in the Village’s UAN system may put the Village at risk of over appropriating and/or overspending.

We recommend the Village comply with Ohio Administrative Code and sound financial reporting by implementing additional procedures to help ensure that only County certified estimated receipts and Village Council approved appropriations are included in the UAN system. This may be achieved by monitoring/reviewing more closely UAN monthly reports.

Client Response: The Village is aware of this requirement and will implement additional procedures to help ensure only approved amounts are included in the UAN system.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2018-001	2010	<u>Material Weakness - Financial Statement Presentation</u> – Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Certain adjustments were made to the financial statements and notes.	Not Corrected	Repeated as finding 2020-001
2018-002	2017	<u>Material Weakness/Noncompliance</u> - Ohio Administrative Code Section 117-2-02(C)(1) in part requires integration of budgetary accounts and information into the financial accounting system. Certain deficiencies/discrepancies were noted when comparing the approved appropriations and resources to amounts included in the UAN system.	Not Corrected	Repeated as finding 2020-007
2018-003	2014	<u>Material Weakness – Bank Reconciliation</u> – Bank reconciliations should be completed monthly and contain zero unidentified amounts. Monthly bank reconciliations that were completed did not balance to a zero unidentified amount and/or included old outstanding checks and deposits in transit.	Not Corrected	Repeated as finding 2020-002
2018-004	2017	<u>Noncompliance</u> - Ohio Administrative Code Section 117-2-02(D) in part requires certain accounting records. Certain payroll records were either not submitted and/or payment not made.	Not Corrected	Repeated as finding 2020-003
2018-005	2017	<u>Noncompliance</u> – 26 US Code Sections 3102 and 3402 require withholding and submitting applicable amounts including certain employer matches. The Village did not remit filings or payments on certain quarterly federal withholdings or applicable employer matches.	Not Corrected	Repeated as finding 2020-004
2018-006	2017	<u>Noncompliance</u> - Ohio Revised Code Sections 5747.06 and 5747.07 (B) require withholding and remittance of reporting and payment. The Village did not remit State, School District, or Local income tax withholdings to the required agencies.	Not Corrected	Repeated as finding 2020-005
2018-007	2017	<u>Noncompliance</u> - Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources. The Village had appropriations in excess of estimated resources in certain funds.	Corrected	N/A

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2018-008	2017	<u>Noncompliance</u> - Ohio Revised Code Section 5705.36 in part requires that total appropriations from each fund should not exceed total estimated resources throughout the year and that certified unencumbered fund balances be accurate. The Village had appropriations in excess of estimated resources in certain funds during the year and certified balances did not agree to the audit report.	Partially Corrected	Beginning certified balances for 2019 did not agree to audited report. Finding Repeated as 2020-006
2018-009	2017	<u>Noncompliance</u> - Ohio Revised Code Section 9.38 provides that public money must be deposited with the Fiscal Officer or with the designated depository within the allowable number of business days. It was noted during the audit that the Village held funds of varying amounts longer than the allowable number of business days without depositing them in accordance with the Ohio Revised Code Section 9.38.	Corrected	N/A
2018-010	2017	<u>Noncompliance</u> - Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The Sewer Fund had appropriations in excess of actual resources.	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BUCKLAND

AUGLAIZE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/23/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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