



Dave Yost • Auditor of State

VILLAGE OF BUCKLAND
AUGLAIZE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Buckland, Auglaize County, (the Village) as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our adverse and qualified audit opinion.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Basis for Qualified Opinion

Rental receipts reported as part of the General Fund line item Miscellaneous Receipts, in the amounts of \$2,228, and \$3,845 for the years ended December 31, 2012 and 2011, respectively, are approximately 4 percent of the total General Fund receipts for the year ended December 31, 2012, and approximately 5 percent for the year ended December 31, 2011. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as rental receipts or the completeness of these receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Buckland, Auglaize County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Village of Buckland, Auglaize County adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2013

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$5,017	\$652		\$5,669
Intergovernmental	45,750	12,031	\$230,000	287,781
Special Assessments		1,325		1,325
Fines, Licenses and Permits	1,830			1,830
Earnings on Investments	52	60		112
Miscellaneous	7,405			7,405
Total Cash Receipts	<u>60,054</u>	<u>14,068</u>	<u>230,000</u>	<u>304,122</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	21,151			21,151
Leisure Time Activities	8,094			8,094
Transportation	1,989	33,521		35,510
General Government	44,605			44,605
Capital Outlay			230,000	230,000
Total Cash Disbursements	<u>75,839</u>	<u>33,521</u>	<u>230,000</u>	<u>339,360</u>
Excess of Receipts (Under) Disbursements	<u>(15,785)</u>	<u>(19,453)</u>		<u>(35,238)</u>
Fund Cash Balances, January 1	<u>45,255</u>	<u>71,176</u>		<u>116,431</u>
Fund Cash Balances, December 31:				
Restricted		51,723		51,723
Unassigned	<u>29,470</u>			<u>29,470</u>
Fund Cash Balances, December 31	<u>\$29,470</u>	<u>\$51,723</u>	<u>\$0</u>	<u>\$81,193</u>

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

VILLAGE OF BUCKLAND
AUGLAIZE COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGE IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$3,360
Total Operating Cash Receipts	<u>3,360</u>
Operating Income	<u>3,360</u>
Non-Operating Receipts (Disbursements):	
Intergovernmental	52,118
Capital Outlay	<u>(52,118)</u>
Total Non-Operating Receipts (Disbursements)	
Net Change in Fund Cash Balance	3,360
Fund Cash Balance, January 1	<u> </u>
Fund Cash Balance, December 31	<u><u>\$3,360</u></u>

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

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$4,790	\$693		\$5,483
Intergovernmental	64,433	11,627		76,060
Fines, Licenses and Permits	1,738			1,738
Earnings on Investments	61	57		118
Miscellaneous	3,847			3,847
Total Cash Receipts	<u>74,869</u>	<u>12,377</u>		<u>87,246</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	15,328		\$32,957	48,285
Leisure Time Activities	4,725			4,725
Transportation	910	6,230		7,140
General Government	38,152			38,152
Total Cash Disbursements	<u>59,115</u>	<u>6,230</u>	<u>32,957</u>	<u>98,302</u>
Excess of Receipts Over (Under) Disbursements	<u>15,754</u>	<u>6,147</u>	<u>(32,957)</u>	<u>(11,056)</u>
Other Financing Receipts (Disbursements):				
Transfers In			26,332	26,332
Transfers Out	(26,332)			(26,332)
Total Other Financing Receipts (Disbursements)	<u>(26,332)</u>		<u>26,332</u>	
Net Change in Fund Cash Balances	(10,578)	6,147	(6,625)	(11,056)
Fund Cash Balances, January 1 (restated)	<u>55,833</u>	<u>65,029</u>	<u>6,625</u>	<u>127,487</u>
Fund Cash Balances, December 31:				
Restricted		71,176		71,176
Unassigned	45,255			45,255
Fund Cash Balances, December 31	<u>\$45,255</u>	<u>\$71,176</u>	<u>\$0</u>	<u>\$116,431</u>

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

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**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Buckland, Auglaize County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, and police services. The Village contracts with Buckland Volunteer Fire Department to receive fire protection services. The Village contracts with the Cridersville Volunteer Fire Company to receive ambulance services.

The Village participates in one jointly governed organization and the Ohio Plan Risk Management public entity risk pool. Notes 8 and 9 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organization:

Auglaize County Regional Planning Commission – formulates and reviews plans affecting long and short term social, economic, and governmental development with the region.

Public Entity Risk Pool:

Ohio Plan Risk Management (OPRM), a risk-sharing pool available to Ohio governments.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. Deposits and Investments

The Village maintains all of its funds in an interest bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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 Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Utate Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital projects funds:

Community Development Block Grant Fund – This fund accounts for grant money spent on behalf of the Village for flood drainage and sidewalk improvements.

Fire Department Fund – This fund receives transfers from the General Fund to accumulate resources for the purchase of fire equipment. The accumulated balance of this fund, along with all fire equipment owned by the Village, was disbursed to the Buckland Volunteer Fire Department Inc..

4. 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 - This fund receives charges for services from residents for sewer replacement and improvements. This fund receives proceeds from the Ohio Water Development Authority to finance a waste water system.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

VILLAGE OF BUCKLAND
AUGLAIZE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2012 and 2011 budgetary activity appears in Note I .

F. Fund Balance

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

1. Non-spendable

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

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.

4. 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.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET ASSETS/FUND EQUITY

For fiscal year 2011, the Village reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	<u>Fund Balance at December 31, 2010</u>	<u>GASB 54 Change in Fund Structure</u>	<u>Adjusted Fund Balance at December 31, 2010</u>
General	\$46,683	\$9,150	\$55,833
Special Revenue	\$74,179	(\$9,150)	\$65,029

3. EQUITY IN POOLED DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2012</u>	<u>2011</u>
Demand deposits	<u>\$84,553</u>	<u>\$116,431</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 53,619	\$ 60,054	\$ 6,435
Special Revenue	12,225	14,068	1,843
Capital Projects	230,000	230,000	
Enterprise	52,118	55,478	3,360
Total	<u>\$347,962</u>	<u>\$359,600</u>	<u>\$11,638</u>

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 96,137	\$ 75,839	\$ 20,298
Special Revenue	83,896	33,521	50,375
Capital Projects	230,000	230,000	
Enterprise	100,000	52,118	47,882
Total	<u>\$510,033</u>	<u>\$391,478</u>	<u>\$118,555</u>

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 65,687	\$ 74,869	\$9,182
Special Revenue	11,982	12,377	395
Capital Projects	22,814	26,332	3,518
Total	<u>\$100,483</u>	<u>\$113,578</u>	<u>\$13,095</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$102,173	\$ 85,447	\$16,726
Special Revenue	76,879	6,230	70,649
Capital Projects	32,957	32,957	
Total	<u>\$212,009</u>	<u>\$124,634</u>	<u>\$87,375</u>

5. PROPERTY TAX

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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. DEBT

The Village was approved for a Wastewater System project through the Ohio Water Development Authority. The total loan has been approved for \$259,203 of which \$129,601 is principal forgiveness. As of December 31, 2012, \$52,118 was drawn on the loan and recorded on the Proprietary Fund Type financial statement as intergovernmental revenue and capital outlay. This amount has been applied to the principal forgiveness. The loan is for a 5 year period, with semi-annual payments, commencing on January 1, 2014 and final payment due July 1, 2018 with an interest rate of 0%. No amortization schedule has been provided at this time.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. DEBT (Continued)

In September 2012 the Village was approved for a land purchase related to the Wastewater system project through the Ohio Water Development Authority. The total loan has been approved for \$200,700. As of December 31, 2012, \$0 was drawn on the loan. The loan is for a 30 year period, with semi-annual payments, commencing on January 1, 2015 and final payment due July 1, 2044 with an interest rate of 1.5%. On January 9, 2013, \$200,700 was disbursed to the Village. No amortization schedule has been provided at this time.

7. RETIREMENT SYSTEM

The Village's 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 benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly 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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. RISK MANAGEMENT (Continued)

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' Equity	<u>\$ 6,413,188</u>	<u>\$ 7,172,519</u>

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

9. 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.

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Dave Yost • Auditor of State

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 Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Buckland, Auglaize County, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated October 24, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted that during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also qualified our opinion on the Buckland Community Center rental receipts because we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Buckland Community Center rental receipts.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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'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. We consider findings 2012-001 and 2012-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2013

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Material Weakness – Supporting Documentation and Completeness of Receipts

The Village should have procedures and controls to provide for completeness and accountability over the collection and recording of rental receipts. The Fiscal Officer indicated that calendars were prepared to track the rental of the Buckland Community Center (the Center) during 2012 and 2011; however, the calendars were not available for audit. No other documentation was maintained to support the amounts recorded in the General Fund for rental receipts during 2012 and 2011, in the amounts of \$2,228 and \$3,845, respectively, or to support the completeness of these receipts.

The failure to maintain documentation not only to support the recorded rental receipts but to also help assure completeness of the rental receipts resulted in the qualification of the opinion on the financial statements. In addition, the failure to maintain supporting documentation may result in disagreements with the individuals renting the Center.

The Village should implement the use of pre-numbered rental agreements. The rental agreements should be signed by a designated representative of the Village and the renter. The rental agreements should include, at a minimum, the hourly rate, number of hours to be used, and a final total cost. The rental agreements should be reconciled to the recorded receipts. In addition, the rental agreements should be maintained by the Village and not destroyed without following appropriate records destruction procedures as required by Ohio Revised Code Section 149.39. Periodically, the Village Council should review the records maintained for the rental receipts to help assure that established procedures and the approved rental rates are being followed.

FINDING NUMBER 2012-002

Material Weakness – Accuracy of Financial Reporting

The Village should have procedures in place to help assure that receipts, disbursements, and balances are correctly classified and that all financial activity has been recorded in the accounting records and financial statements to assist in the effective management and reporting of financial resources,. During 2012 and 2011 the following errors in the accounting records and financial statements were identified:

- The sewer fund established in 2012 was classified as a fund within the governmental special revenue fund type instead of being classified as an enterprise fund within the proprietary fund type. As result, charges for services in the amount of \$3,360, intergovernmental receipts in the amount of \$52,118, capital outlay in the amount of \$52,118, and an ending fund balance of \$3,360 were not correctly classified;
- In 2012, grant proceeds and related expenditures in the amount of \$230,000 spent on behalf of the Village were not recorded in a governmental capital projects fund;
- Mowing assessments received in 2012 in the amount of \$1,325 were paid into the general fund instead of the street, construction, and maintenance fund which incurred the costs of the mowing;
- A \$100 park donation received in 2012 was recorded in the sewer fund instead of the general fund;

FINDING NUMBER 2012-002
(Continued)

- In 2011 \$1,000 was transferred from the general fund to a capital projects police fund. The appropriations resolution did not include this transfer and Council did not separately approve the transfer; and
- Based on revised fund classification guidance in GASB 54, the Buckland Community Center Fund classified in the accounting records as a special revenue fund type, should be rolled into the general fund for financial reporting. As a result, in 2011 the beginning fund balance of \$9,150, miscellaneous receipts of \$3,845, general government disbursements of \$7,549, and the ending fund balance of \$5,446 had to be reclassified from the special revenue fund type to the general fund. In 2012, the beginning fund balance of \$5,446, miscellaneous receipts of \$2,228, general government disbursements of \$5,693, and the ending fund balance of \$1,981 had to be reclassified from the special revenue fund type to the general fund.

The accompanying financial statements, and where necessary the accounting records, have been adjusted to correct these recording errors.

The Fiscal Officer should utilize resources such as the Village Officer's Handbook, the UAN Manual, and Auditor of State Audit Bulletins for guidance in the recording of financial activity. Periodic reviews of the financial records and financial statements should also be performed by the Fiscal Officer and Council Members to help identify financial reporting errors in a timely manner.

Officials' Responses:

We did not receive responses from Officials to the findings reported above.

VILLAGE OF BUCKLAND
AUGLAIZE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Posting of Expenditures and Revenues	No	Repeated as Finding 2012-002

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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
DECEMBER 26, 2013**