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# PERRY & Associates

Certified Public Accountants, A.C.

## VILLAGE OF BUCHEL ATHENS COUNTY Regular Audit

For the Years Ended December 31, 2014 and 2013

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# Dave Yost • Auditor of State

Members of Council  
Village of Buchtel  
P.O. Box 311  
Buchtel, Ohio 45716

We have reviewed the Independent Auditor's Report of the Village of Buchtel, Athens County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. 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 Buchtel is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

November 9, 2015

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VILLAGE OF BUCHEL  
ATHENS COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 29, 2015

Village of Buchtel  
Athens County  
P.O. Box 311  
Buchtel, Ohio 43716

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the **Village of Buchtel**, Athens County, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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



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

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

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

Though the Village 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 opinions on this accounting basis are in the *Disclaimer of Opinion on Regulatory Basis of Accounting* and *Qualification of Opinion on Regulatory Basis of Accounting* paragraphs 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 as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Basis for Disclaimer of Opinion on Regulatory Basis of Accounting***

Mayor's Court receipts are reported at \$17,718 and \$14,633 for the years ended December 31, 2014 and 2013, respectively, which are 100% of Agency Fund receipts for the year ended December 31, 2014, and 100% of Agency Fund receipts for the year ended December 31, 2013. Mayor's Court disbursements are reported at \$12,812 and \$18,664 for the years ended December 31, 2014 and 2013, respectively, which are 100% of Agency Fund disbursements for the year ended December 31, 2014, and 100% of Agency Fund disbursements for the year ended December 31, 2013. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as mayor's courts receipts and disbursements. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Disclaimer of Opinion on Regulatory Basis of Accounting***

Because of the significance of Mayor's Court receipts and disbursements to the Fiduciary Fund Type, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Fiduciary Fund Type of the Village of Buchtel, Athens County, Ohio, for the years ended December 31, 2014 and 2013.

***Basis for Qualification of Opinion on Regulatory Basis of Accounting***

Fines, licenses and permits are reported at \$13,432 and \$15,804 for the years ended December 31, 2014 and 2013, respectively, which is 15 percent and 18 percent of total General Fund operating receipts for the years ended December 31, 2014 and 2013, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

**Qualification of Opinion on Regulatory Basis of Accounting**

Also, in our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2014 and 2013 fines, licenses and permits in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund and Special Revenue Funds of the Village of Buchtel, Athens County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2015, 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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 58,778	\$ -	\$ 58,778
Intergovernmental	17,291	25,949	43,240
Fines, Licenses and Permits	13,432	-	13,432
Earnings on Investments	140	-	140
Miscellaneous	2,231	-	2,231
<i>Total Cash Receipts</i>	<u>91,872</u>	<u>25,949</u>	<u>117,821</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	18,771	-	18,771
Basic Utility Services	8,759	-	8,759
Transportation	-	12,925	12,925
General Government	58,254	-	58,254
<i>Total Cash Disbursements</i>	<u>85,784</u>	<u>12,925</u>	<u>98,709</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,088</u>	<u>13,024</u>	<u>19,112</u>
<b>Other Financing Receipts</b>			
Sale of Fixed Assets	6,399	-	6,399
<i>Total Other Financing Receipts</i>	<u>6,399</u>	<u>-</u>	<u>6,399</u>
<i>Net Change in Fund Cash Balances</i>	12,487	13,024	25,511
<i>Fund Cash Balances, January 1</i>	<u>21,083</u>	<u>61,062</u>	<u>82,145</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	74,086	74,086
Unassigned	33,570	-	33,570
<i>Fund Cash Balances, December 31</i>	<u>\$ 33,570</u>	<u>\$ 74,086</u>	<u>\$ 107,656</u>

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

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Other Non-Operating Cash Receipts	17,718
Other Non-Operating Cash Disbursements	<u>(12,812)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>4,906</u>
<i>Net Change in Fund Cash Balances</i>	4,906
<i>Fund Cash Balances, January 1</i>	<u>5,184</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 10,090</b></u>

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

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 55,325	\$ -	\$ 55,325
Intergovernmental	17,194	24,757	41,951
Fines, Licenses and Permits	15,804	-	15,804
Earnings on Investments	145	-	145
Miscellaneous	1,305	1,000	2,305
<i>Total Cash Receipts</i>	<u>89,773</u>	<u>25,757</u>	<u>115,530</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	21,840	-	21,840
Basic Utility Services	8,197	-	8,197
Transportation	-	11,002	11,002
General Government	72,868	-	72,868
Capital Outlay	-	23,364	23,364
<i>Total Cash Disbursements</i>	<u>102,905</u>	<u>34,366</u>	<u>137,271</u>
<i>Net Change in Fund Cash Balances</i>	(13,132)	(8,609)	(21,741)
<i>Fund Cash Balances, January 1</i>	<u>34,215</u>	<u>69,671</u>	<u>103,886</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	61,062	61,062
Unassigned	21,083	-	21,083
<i>Fund Cash Balances, December 31</i>	<u>\$ 21,083</u>	<u>\$ 61,062</u>	<u>\$ 82,145</u>

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

VILLAGE OF BUCHEL  
ATHENS COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Other Non-Operating Cash Receipts	14,633
Other Non-Operating Cash Disbursements	<u>(18,664)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(4,031)</u>
<i>Net Change in Fund Cash Balances</i>	(4,031)
<i>Fund Cash Balances, January 1</i>	<u>9,215</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 5,184</b></u>

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

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**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 Buchtel, Athens County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, fire protection, police services, and maintenance of Village streets and highways.

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 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.

**C. Deposits and Investments**

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

The Fiscal Officer of the Village invests all available funds of the Village in an interest bearing checking account and certificate of deposits. Certificates of deposit are valued at cost.

**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 BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(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:

Permissive Motor Vehicle License Tax Fund – This fund receives permissive motor vehicle license tax money for maintaining and repairing Village streets.

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

**3. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Mayor's Court.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Appropriations lapse at year end.

**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 reapportioned in the subsequent year.

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**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. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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.

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.

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<b>2014</b>	<b>2013</b>
Demand Deposits	\$ 103,826	\$ 73,429
Certificate of deposit	13,920	13,900
Total Deposits and Investments	<b>\$ 117,746</b>	<b>\$ 87,329</b>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 96,115	\$ 98,271	\$ 2,156
Special Revenue	23,858	25,949	2,091
Total	\$ 119,973	\$ 124,220	\$ 4,247

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 117,198	\$ 85,784	\$ 31,414
Special Revenue	84,920	12,925	71,995
Total	\$ 202,118	\$ 98,709	\$ 103,409

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 88,207	\$ 89,773	\$ 1,566
Special Revenue	23,701	25,757	2,056
Total	\$ 111,908	\$ 115,530	\$ 3,622

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 122,422	\$ 102,905	\$ 19,517
Special Revenue	93,373	34,366	59,007
Total	\$ 215,795	\$ 137,271	\$ 78,524

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

**5. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% respectively, of participants' gross salaries. The Village had paid all contributions required through December 31, 2014.

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. RISK MANAGEMENT**

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public Official Bonds
- Vehicles
- Property



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

July 29, 2015

Village of Buchtel  
Athens County  
P.O. Box 311  
Buchtel, Oh 43716

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 **Village of Buchtel**, Athens County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 29, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We did not express an opinion on the Fiduciary Fund Type. We also qualified our opinion on fines, licenses and permits in the General Fund.

**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 audit 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 Entity'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 2014-001 through 2014-002 described in the accompanying schedule of audit findings to be material weaknesses.



**...“bringing more to the table”**

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### **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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2014-003 through 2014-005.

We also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 29, 2015.

### **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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2014-001**

**Material Weakness**

**Posting Receipts and Disbursements**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and disbursements were not always posted correctly. The following posting errors were noted:

- Mayor's Court receipts and disbursements were not recorded in the Village's accounting system in 2013 and 2014.
- Sale of Fixed Assets were recorded as Miscellaneous receipts in the General Fund instead of Sale of Fixed Assets in the General Fund in 2014.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The Financial Statements reflect all reclassifications and adjustments and the Village has posted the adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Management's Response** – We did not receive a response from management for this finding.

**FINDING NUMBER 2014-002**

**Material Weakness**

**GASB 54**

The Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable Fund Balance- The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. (GASB 54 ¶6)

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-002 (Continued)**

**Material Weakness (Continued)**

**GASB 54 (Continued)**

Restricted Fund Balance- The restricted classification is used when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions (City Charter) or enabling legislation. (GASB 54 ¶8)

Committed Fund Balance- The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. (GASB 54 ¶10)

Assigned Fund Balance- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed (GASB 54 ¶13).

Unassigned Fund Balance- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund (GASB 54 ¶17).

The Village has not formally adopted a policy to define whether the Village considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Additionally, the Village did not present any fund balances in accordance with GASB 54. Auditor of State Bulletin 2011-004 clarifies the impact of GASB 54 on Ohio governmental units and provides guidance on implementation.

We recommend the Village review the GASB 54 statement and guidance and adopt the required fund balance policies. The policy should define whether the auditee considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. The Village should also present funds in accordance with the standards when preparing the financial statements.

**Management's Response** – We did not receive a response from management for this finding.

**FINDING NUMBER 2014-003**

**Noncompliance**

Ohio Rev. Code Section 2335.25 states that each clerk of a court of record shall enter in a journal or cashbook, an accurate account of all moneys collected or received in their official capacity, on the days of the receipt in the order of time so received. The clerk shall be the receiver of all moneys payable into their office, whether collected by public officers of court or tendered by other persons.

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-003 (Continued)**

**Noncompliance (Continued)**

The Village did not maintain a proper cashbook record of receipts for the Mayor's Court account during 2013 and 2014. The Village did not complete the cashbook with a docket or ticket number for each receipt. Without this information, we were unable to agree receipts from the cashbook to the docket and the corresponding tickets.

We determined no bank to book reconciliations were done for 2013 or 2014. Because the cashbook is not properly maintained, a reconciliation to the bank statement may not be possible. Failure to reconcile the cashbook to the bank statement could lead to misappropriation of funds without management or Council preventing, detecting or timely correcting misstatements.

We recommend the Village maintain a cashbook and record all of the Mayor's Court receipts along with a docket and ticket number in order to ensure the amounts in the cashbook agree to the corresponding docket and ticket number.

**Management's Response** – We did not receive a response from management for this finding.

**FINDING NUMBER 2014-004**

**Noncompliance**

**Ohio Revised Code 733.40** requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- Mayor's Court remittances were not made timely to the Village's General Fund. These weaknesses could allow recording errors and irregularities to occur and remain undetected.

We recommend the Village distribute the correct fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates.

**Management's Response** – We did not receive a response from management for this finding.

VILLAGE OF BUCHEL  
ATHENS COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-005

**Noncompliance**

**Ohio Rev. Code Sections 2743.70 and 2949.091** require the Court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, to impose and collect additional costs to be used for the State's Reparations Fund and the State's General Fund, respectively. All such moneys collected during a month under Ohio Rev. Code Section 2743.70 shall be transmitted on the first business day of each month by the Clerk of the Court to the Treasurer of State and deposited by the Treasurer in the Reparations Fund. All such moneys collected during a month under Ohio Rev. Code Section 2949.091 shall be transmitted on or before the twentieth day of the following month by the Clerk of the Court to the Treasurer of State and deposited by the Treasurer into the General Fund.

During the audit period, the Village Mayor's Court collected, but failed to remit payments to the State in a timely manner. The Village Mayor's Court should remit moneys owed to the State in a timely manner.

**Management's Response** – We did not receive a response from management for this finding.



# Dave Yost • Auditor of State

**VILLAGE OF BUCHEL**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 19, 2015**