



Dave Yost • Auditor of State

VILLAGE OF BURGOON
SANDUSKY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Burgoon
Sandusky County
2580 Zilphia Street
P. O. Box 56
Burgoon, Ohio 43407-0056

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Burgoon, Sandusky County, Ohio (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 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(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 opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Burgoon, Sandusky 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 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.



Dave Yost
Auditor of State

Columbus, Ohio

August 3, 2015

**VILLAGE OF BURGOON
SANDUSKY 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)
Cash Receipts			
Property and Other Local Taxes	\$19,255	\$1,455	\$20,710
Intergovernmental	8,884	6,929	15,813
Fines, Licenses and Permits	952		952
Earnings on Investments	169	169	338
<i>Total Cash Receipts</i>	<u>29,260</u>	<u>8,553</u>	<u>37,813</u>
Cash Disbursements			
Current:			
Security of Persons and Property	4,199		4,199
Leisure Time Activities	3,180		3,180
Basic Utility Services	6,150		6,150
Transportation		1,977	1,977
General Government	12,634		12,634
<i>Total Cash Disbursements</i>	<u>26,163</u>	<u>1,977</u>	<u>28,140</u>
<i>Excess of Receipts Over Disbursements</i>	<u>3,097</u>	<u>6,576</u>	<u>9,673</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	130		130
Other Financing Uses	(1,360)		(1,360)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,230)</u>		<u>(1,230)</u>
<i>Net Change in Fund Cash Balances</i>	1,867	6,576	8,443
<i>Fund Cash Balances, January 1</i>	<u>28,851</u>	<u>61,279</u>	<u>90,130</u>
Fund Cash Balances, December 31			
Restricted		67,855	67,855
Assigned	30,718		30,718
<i>Fund Cash Balances, December 31</i>	<u>\$30,718</u>	<u>\$67,855</u>	<u>\$98,573</u>

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$55,703
Operating Cash Disbursements	
Personal Services	1,200
Contractual Services	15,899
Supplies and Materials	4,488
<i>Total Operating Cash Disbursements</i>	21,587
<i>Operating Income</i>	34,116
Non-Operating Disbursements	
Principal Retirement	(9,115)
Interest and Other Fiscal Charges	(21,308)
<i>Total Non-Operating Disbursements</i>	(30,423)
<i>Income before Transfers</i>	3,693
Transfers In	33,447
Transfers Out	(33,447)
<i>Net Change in Fund Cash Balances</i>	3,693
<i>Fund Cash Balances, January 1</i>	146,110
<i>Fund Cash Balances, December 31</i>	\$149,803

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

**VILLAGE OF BURGOON
SANDUSKY 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)
Cash Receipts			
Property and Other Local Taxes	\$17,931	\$1,920	\$19,851
Intergovernmental	8,698	6,690	15,388
Fines, Licenses and Permits	799		799
Earnings on Investments	170	170	340
	<u>27,598</u>	<u>8,780</u>	<u>36,378</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons and Property	3,946		3,946
Leisure Time Activities	4,650		4,650
Basic Utility Services	8,379		8,379
Transportation		5,228	5,228
General Government	13,270		13,270
	<u>30,245</u>	<u>5,228</u>	<u>35,473</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,647)</u>	<u>3,552</u>	<u>905</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	135		135
Other Financing Uses	(4,500)		(4,500)
	<u>(4,365)</u>	<u></u>	<u>(4,365)</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	<u>(7,012)</u>	<u>3,552</u>	<u>(3,460)</u>
<i>Fund Cash Balances, January 1</i>	<u>35,863</u>	<u>57,727</u>	<u>93,590</u>
Fund Cash Balances, December 31			
Restricted		61,279	61,279
Assigned	28,851		28,851
	<u>28,851</u>	<u>61,279</u>	<u>90,130</u>
<i>Fund Cash Balances, December 31</i>	<u>\$28,851</u>	<u>\$61,279</u>	<u>\$90,130</u>

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$57,419</u>
Operating Cash Disbursements	
Personal Services	1,230
Contractual Services	16,448
Supplies and Materials	<u>72</u>
<i>Total Operating Cash Disbursements</i>	<u>17,750</u>
<i>Operating Income</i>	<u>39,669</u>
Non-Operating Disbursements	
Principal Retirement	(8,695)
Interest and Other Fiscal Charges	(21,604)
Other Financing Uses	<u>(600)</u>
<i>Total Non-Operating Disbursements</i>	<u>(30,899)</u>
<i>Income before Transfers</i>	8,770
Transfers In	32,825
Transfers Out	<u>(32,825)</u>
<i>Net Change in Fund Cash Balances</i>	8,770
<i>Fund Cash Balances, January 1</i>	<u>137,340</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$146,110</u></u>

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 Burgoon, Sandusky County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire protection, and police services. The Village contracts with the Sandusky County Sheriff's department to provide security of persons and property. The Village contracts with Bettsville Volunteer fire department to receive fire protection services.

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. Fund Accounting

The Village uses fund accounting to segregate cash that is 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.

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 Fund:

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Enterprise Funds

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

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Reserve Fund - This fund receives transfers from the Sewer fund to reserve funds for maintenance and repairs for the sewer.

Sewer Sinking Fund - This fund receives transfers from the Sewer fund to pay principle and interest on the Sanitary Sewer Revenue Bonds.

D. 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. 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 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 reappropriated in the subsequent year.

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

E. 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 BURGOON
SANDUSKY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

F. **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.

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

2. EQUITY IN POOLED DEPOSITS

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

	2014	2013
Demand deposits	\$248,376	\$236,240

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,000	\$29,390	(\$4,610)
Special Revenue	8,500	8,553	53
Enterprise	88,000	89,150	1,150
Total	\$130,500	\$127,093	(\$3,407)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,000	\$27,523	\$36,477
Special Revenue	47,000	1,977	45,023
Enterprise	96,400	85,457	10,943
Total	\$207,400	\$114,957	\$92,443

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,482	\$27,733	(\$1,749)
Special Revenue	8,500	8,780	280
Enterprise	52,000	90,244	38,244
Total	\$89,982	\$126,757	\$36,775

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,680	\$34,745	\$31,935
Special Revenue	61,000	5,228	55,772
Enterprise	107,800	81,474	26,326
Total	\$235,480	\$121,447	\$114,033

Contrary to Ohio law, appropriations exceeded estimated resources in the General and Sewer funds by \$1,759 and \$6,004, respectively for the year ended December 31, 2013. Appropriations also exceeded estimated resources in the General fund by \$1,149 for the year ended December 31, 2014.

4. 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.

Public utilities are also taxed on personal and real property located within the Village.

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

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Sewer System Mortgage Revenue Bonds	\$496,700	4.125%
Ohio Water Development Authority Loan	51,087	1%
Total	\$547,787	

The Ohio Water Development Authority (OWDA) loan #4579 relates to a sewer system construction project the Ohio Environment Protection Agency mandated. The OWDA approved \$65,722 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$1,270.50, including interest, over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The United States Department of Agriculture Sanitary Sewer Revenue Bonds relate to a wastewater treatment system project. The USDA approved \$535,000 in bonds to the Village for this project. The Village will repay the bonds in annual installments over 39 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the bond requirements.

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

5. DEBT (Continued)

The sanitary sewer revenue bond covenant requires the Village to establish and fund a sewer reserve fund, a sewer sinking fund, and sewer surplus fund. The balance in the sewer reserve fund at December 31, 2014 is \$24,083. The balance in the sewer sinking fund at December 31, 2014 is \$29,974.

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

Year ending December 31:	Mortgage Revenue Bonds	OWDA Loan
2015	\$27,789	\$2,541
2016	27,788	2,541
2017	27,874	2,541
2018	27,744	2,541
2019	27,906	2,541
2020-2024	139,089	12,706
2025-2029	139,078	12,706
2030-2034	139,126	12,706
2035-2039	139,083	6,353
2040-2044	139,067	
2045-2047	83,439	
Total	\$917,983	\$57,176

6. 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'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%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

8. INTERFUND TRANSFERS

During 2014, the village approved the following transfers:

Transfers from the Sewer Operating Fund to:	
Sewer Reserve Fund	\$2,596
Sewer Sinking Fund	30,851

During 2013, the village approved the following transfers:

Transfers from the Sewer Operating Fund to:	
Sewer Reserve Fund	\$2,326
Sewer Sinking Fund	30,499

The transfers represent the allocation of Sewer Operating fund receipts to comply with debt covenant requirements

9. COMPLIANCE

Contrary to Ohio law, the Village recorded some restricted receipts into the General fund, rather than the Sewer and Street Construction, Maintenance, and Repair funds.

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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 Burgoon
Sandusky County
2580 Zilphia Street
P. O. Box 56
Burgoon, Ohio 43407-0056

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 Burgoon, Sandusky County, Ohio (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 August 3, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-1-03(D) permit.

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 2014-002 and 2014-003 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-001 and 2014-002.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village'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.



Dave Yost
Auditor of State

Columbus, Ohio

August 3, 2015

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Noncompliance Citation

Ohio Rev. Code § 5705.39 provides that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

Appropriations for the General Fund exceeded estimated resources by \$1,149 at December 31, 2014.

Appropriations for the General and Sewer funds exceeded estimated resources by \$1,759 and \$6,004, respectively, at December 31, 2013.

Inadequate policies and procedures in reviewing and approving budgetary information resulted in these errors. Allowing appropriations to be higher than estimated resources increases the possibility appropriations may be unrealistically inflated which could result in deficit spending. Appropriations should have been reduced to the level of the resources available for appropriation. We recommend Council monitor appropriations and estimated resources throughout the year to ensure appropriations do not exceed the amount of estimated resources.

FINDING NUMBER 2014-002

Noncompliance Citation/Material Weakness

Ohio Rev. Code § 5705.10 (D) provides that revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund. The Village has established the Sewer fund to account for revenue from sewer collections and the Street Construction, Maintenance, and Repair fund to account for state and local government highway distribution receipts. However, in 2013 revenue from the sewer collections in the amount of \$5,279 and from state and local government highway distributions in the amount of \$912 were incorrectly posted in the General Fund.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements and accounting records have been adjusted to correct these errors. We recommend the Village record receipts in accordance with above requirement.

FINDING NUMBER 2014-003

Material Weakness

Financial Reporting

The Village's management is responsible for the fair presentation of the financial statements. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. Errors were noted in the financial statements resulting in the following audit adjustments:

- During 2014, intergovernmental receipts in General Fund were misclassified as taxes in the amount of \$3,823.
- During 2013, intergovernmental receipts in General Fund were misclassified as taxes in the amount of \$4,385.
- During 2014, subsequent year appropriations over estimated receipts within the General Fund of \$30,718 were classified as unassigned fund balance rather than assigned.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements have been adjusted to correct these errors.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements by the Fiscal Officer and Council to identify and correct errors and misclassifications. The Village should also review AoS Bulletin 2011-004 for guidance on GASB Statement No. 54 requirements.

Officials' Response:

We acknowledge errors were made and will properly post these transactions in the future.

VILLAGE OF BURGOON
SANDUSKY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material weakness in financial reporting due to errors in financial statements.	No	Not corrected and repeated as Finding Number 2014-003 in this report.

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Dave Yost • Auditor of State

VILLAGE OF BURGOON

SANDUSKY 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
AUGUST 18, 2015**