



Dave Yost • Auditor of State



VILLAGE OF BUCKLAND  
AUGLAIZE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Accountant's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2014 .....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2013 .....	6
Notes to the Financial Statements .....	7
Accountant's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters .....	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings .....	23

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## ACCOUNTANT'S REPORT

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

To the Village Council:

We have selectively tested certain accounts, financial records, files and reports of the Village of Buckland, Auglaize County (the Village) as of and for the years ended December 31, 2014 and 2013 following Ohio Admin. Code §117-4-02.

We found reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

We intend this report solely for the information and use of the management, the Village Council, and other officials authorized to receive this report under Section 117.26, Ohio Rev. Code, and it is not intended to be and should not be used by anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 11, 2016

**This page intentionally left blank.**

**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, 2014**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$3,328	\$589	\$3,917
Municipal Income Tax	19,496		19,496
Intergovernmental	33,509	12,778	46,287
Special Assessments	1,819		1,819
Charges for Services	4,424		4,424
Fines, Licenses and Permits	1,764		1,764
Earnings on Investments	26	15	41
Miscellaneous	1,694	130	1,824
<b>Total Cash Receipts</b>	<b>66,060</b>	<b>13,512</b>	<b>79,572</b>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Security of Persons and Property	11,784	1,010	12,794
Public Health Services	9		9
Leisure Time Activities	3,473		3,473
Basic Utility Services	2,267		2,267
Transportation		13,086	13,086
General Government	25,080	1,384	26,464
<b>Total Cash Disbursements</b>	<b>42,613</b>	<b>15,480</b>	<b>58,093</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>23,447</b>	<b>(1,968)</b>	<b>21,479</b>
<b>Fund Cash Balances, January 1</b>	<b>(439)</b>	<b>39,425</b>	<b>38,986</b>
<b>Fund Cash Balances, December 31:</b>			
Restricted		37,457	37,457
Assigned	14,835		14,835
Unassigned (Deficit)	8,173		8,173
<b>Fund Cash Balances, December 31</b>	<b>\$23,008</b>	<b>\$37,457</b>	<b>\$60,465</b>

*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 BALANCE (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$19,020
Total Operating Cash Receipts	19,020
<b>Operating Cash Disbursements:</b>	
Personal Services	4,030
Employee Fringe Benefits	400
Contractual Services	1,660
Supplies and Materials	3,168
Other	250
Total Operating Cash Disbursements	9,508
Operating Income (Loss)	9,512
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	1,639,190
Special Assessments	1,278
Other Debt Proceeds	25,565
Capital Outlay	(1,569,776)
Principal Retirement	(94,979)
Total Non-Operating Receipts (Disbursements)	1,278
Net Change in Fund Cash Balances	10,790
Fund Cash Balances, January 1	9,402
Fund Cash Balances, December 31	\$20,192

*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, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$4,511	\$600	\$5,111
Intergovernmental	33,733	26,682	60,415
Charges for Services	360		360
Fines, Licenses and Permits	1,839		1,839
Earnings on Investments	61	52	113
Miscellaneous	1,420		1,420
Total Cash Receipts	<u>41,924</u>	<u>27,334</u>	<u>69,258</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Security of Persons and Property	19,591		19,591
Leisure Time Activities	9,206		9,206
Basic Utility Services	990		990
Transportation		37,284	37,284
General Government	42,046	2,348	44,394
Total Cash Disbursements	<u>71,833</u>	<u>39,632</u>	<u>111,465</u>
Excess of Receipts Over (Under) Disbursements	<u>(29,909)</u>	<u>(12,298)</u>	<u>(42,207)</u>
Fund Cash Balances, January 1	<u>29,470</u>	<u>51,723</u>	<u>81,193</u>
<b>Fund Cash Balances, December 31:</b>			
Restricted		39,425	39,425
Unassigned (Deficit)	(439)		(439)
Fund Cash Balances, December 31	<u>(\$439)</u>	<u>\$39,425</u>	<u>\$38,986</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 BALANCE (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$16,950
Total Operating Cash Receipts	16,950
 <b>Operating Cash Disbursements:</b>	
Contractual Services	659
Total Operating Cash Disbursements	659
Operating Income (Loss)	16,291
 <b>Non-Operating Receipts (Disbursements):</b>	
Intergovernmental	77,484
Other Debt Proceeds	286,976
Capital Outlay	(361,749)
Principal Retirement	(12,960)
Total Non-Operating Receipts (Disbursements)	(10,249)
Net Change in Fund Cash Balances	6,042
Fund Cash Balances, January 1	3,360
Fund Cash Balances, December 31	\$9,402

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

**VILLAGE OF BUCKLAND  
AUGLAIZE 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 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 Cridersville Volunteer Fire Company to receive ambulance services.

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

Public Entity Risk Pool:

Ohio Plan Risk Management, Inc. (OPRM) – non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”).

Jointly Governed Organizations:

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

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 maintains all of its funds in an interest bearing checking account. The Village has no investments.

**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:

**VILLAGE OF BUCKLAND  
AUGLAIZE COUNTY**

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

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

**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 Funds:

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

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

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

**Enterprise Improvement 6637 Fund** - This fund receives loan and grant proceeds from the Ohio Water Development Authority and Auglaize County to finance the construction of a wastewater treatment plant.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

VILLAGE OF BUCKLAND  
AUGLAIZE COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not obtain a certificate from the County Auditor that total appropriations from each fund did not exceed estimated resources therefore no appropriation measure was effective in 2013

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. 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, 2014 AND 2013  
(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. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Village maintains a deposit and investments 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:

	<u>2014</u>	<u>2013</u>
Demand deposits	\$80,657	\$48,388

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

**3. BUDGETARY ACTIVITY**

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

<b>2014 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$33,021	\$66,060	\$33,039
Special Revenue	8,100	13,512	5,412
Enterprise	1,737,071	1,685,053	(52,018)
Total	<u>\$1,778,192</u>	<u>\$1,764,625</u>	<u>(\$13,567)</u>

<b>2014 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$48,524	\$43,446	\$5,078
Special Revenue	40,549	15,767	24,782
Enterprise	16,166,610	1,674,784	14,491,826
Total	<u>\$16,255,683</u>	<u>\$1,733,997</u>	<u>\$14,521,686</u>

<b>2013 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General		\$41,924	\$41,924
Special Revenue		27,334	27,334
Enterprise		381,410	381,410
Total	<u>\$0</u>	<u>\$450,668</u>	<u>\$450,668</u>

**VILLAGE OF BUCKLAND  
AUGLAIZE COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>2013 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General		\$71,833	(\$71,833)
Special Revenue		39,632	(39,632)
Enterprise		375,368	(375,368)
Total	\$0	\$486,833	(\$486,833)

Contrary to Ohio law, the Village did not file a certificate of available resources or appropriations with the County Auditor or budget commission for the year ended December 31, 2013. Further, budgetary expenditures exceeded appropriation authority for the following funds in the amounts noted:

- For the Year Ended December 31, 2014
  - Enterprise Improvement 6199 Fund \$138,251
- For the Year Ended December 31, 2013
  - General Fund \$71,833
  - Street Construction, Maintenance, and Repair Fund \$37,479
  - State Highway Fund \$203
  - Permissive Motor Vehicle License Tax Fund \$1,950
  - Sewer Operating Fund \$10,908
  - Enterprise Improvement 6334 Fund \$200,700
  - Enterprise Improvement 6199 Fund \$163,760

In addition, contrary to Ohio law, appropriations exceeded estimated resources for the following funds in the amounts noted for the year ended December 31, 2014:

- General Fund \$15,943
- State Highway Fund \$44
- Permissive Motor Vehicle License Tax Fund \$23
- Sewer Operating Fund \$2,807
- Enterprise Improvement 6334 Fund \$1,656,347
- Enterprise Improvement 6199 Fund \$54
- Enterprise Improvement 6637 Fund \$12,760,929

Also contrary to Ohio law, at December 31, 2013, the General fund had a cash deficit balance of \$439.

**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.

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

**VILLAGE OF BUCKLAND  
AUGLAIZE COUNTY**

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

**5. LOCAL INCOME TAX**

The Village began levying a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village during 2013.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 6334	\$205,130	1.5%
Ohio Water Development Authority Loan 6637	3,902	0.0%
Total	<u>\$209,032</u>	

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

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

The OWDA Loan 6637 was for planning and construction of the new sewer facility. This loan consists of three sub-loans. The Village borrowed \$158,699 from the Water Pollution Control Loan Fund portion which is a principal forgiveness loan. The full amount is recorded in the accompanying financial statements as intergovernmental revenue in the enterprise fund statements. The Village borrowed \$750,000 from the Other Projects – Un-Sewered Area Assistance Fund portion which is also a principal forgiveness loan. The full amount is recorded in the accompanying financial statements as intergovernmental revenue in the enterprise fund statements. The Village borrowed \$3,902 out of \$288,515 available from the Water Pollution Control Fund. The Village will repay the loans in semiannual installments of \$7,213 over twenty years beginning in 2016. The scheduled payment amount below assumes that \$288,515 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Wastewater service charges collateralize the loan.

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

**VILLAGE OF BUCKLAND  
AUGLAIZE COUNTY**

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

**6. DEBT (Continued)**

<u>Year ending December 31:</u>	<u>OWDA Loan 6634</u>	<u>OWDA Loan 6637</u>
2015	\$8,516	
2016	8,516	\$7,213
2017	8,516	14,426
2018	8,516	14,426
2019	8,516	14,426
2020-2024	42,582	72,130
2025-2029	42,582	72,130
2030-2034	42,582	72,130
2035-2039	42,582	21,634
2040-2044	42,582	
Total	<u>\$255,490</u>	<u>\$288,515</u>

**7. 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 the 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.

**8. RISK MANAGEMENT**

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 (and through October 2014) 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 774 and 783 members as of December 31, 2013 and 2014 respectively.

**VILLAGE OF BUCKLAND  
AUGLAIZE COUNTY**

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

**8. RISK MANAGEMENT (Continued)**

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. JOINTLY GOVERNED ORGANIZATIONS**

The Auglaize County Regional Planning Commission, Auglaize County, (the Commission), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission is directed by a fifty-four member Board. The Board consists of representatives from participating political subdivisions, the county commissioners, and appointed citizens. The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region. Financial information can be obtained from Kurt Rodeheffer, Secretary/Treasurer at [krodeheffer@auglaizecounty.org](mailto:krodeheffer@auglaizecounty.org) or 419-739-6740.

**10. COMPLIANCE**

In addition to the non-compliance indicated in Note 1.E., the Village did not comply with the following material compliance requirements:

- Ohio Admin Code § 117-2-02 Required Accounting Records
- Ohio Rev. Code § 733.28 Village Clerk Requirements to Exhibit Accurate Statements of Money Received and Expended
- Ohio Rev. Code § 149.351(A) Destruction of Records

**11. SUBSEQUENT EVENTS**

In May 2015 the Village passed a 5 year, 3 mil general operating levy. In March 2016 the Village entered into a 40 month, 0% interest loan for \$2,525 to purchase a new mower.



# Dave Yost • Auditor of State

## ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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

To the Village Council:

We have selectively tested certain accounts, financial records, files and reports of the Village of Buckland, Auglaize County (the Village) as of and for the years ended December 31, 2014 and 2013 following Ohio Admin. Code §117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### ***Internal Control Over Financial Reporting***

During our procedures related to the internal control over financial reporting, we noted matters that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of a misstatement that is caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2014-001, 2014-002, 2014-004, and 2014-005.

### ***Compliance and Other Matters***

We tested compliance with certain provisions of laws, regulations, contracts, and grant agreements applicable to the Village. Noncompliance with these requirements could impact the Village's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying Schedule of Findings as items 2014-001 through 2014-004.

***Purpose of this Report***

We intend this report solely for the information and use of the management, Village Council, other officials authorized to receive this report under Section 117.26, Ohio Rev. Code, and others within the Village. We intend it for no one other than these specified parties.

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

May 11, 2016

**VILLAGE OF BUCKLAND  
AUGLAIZE COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
---

**FINDING NUMBER 2014-001**

**Noncompliance Citation**

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

The Village did not have a risk assessment process in place that would have identified the problems in processing and reporting financial information.

The Village's financial reports for 2014 and 2013 contained errors which resulted in reclassifications and adjustments to correctly report the financial activity during the period as follows:

**2014 General Fund**

- Beginning Fund Balance was overstated by \$7,481
- Property and Other Taxes were understated by \$3,328
- Municipal Income Taxes were understated by \$10,907
- Intergovernmental Receipts were understated by \$4,685
- Charges for Services Receipts were understated by \$4,424
- Miscellaneous Receipts were overstated by \$4,328
- Earnings on Investments were understated by \$11
- Security of Persons and Property Expenditures were understated by \$1,000
- Basic Utility Services Expenditures were understated by \$2,267
- General Government Expenditures were overstated by \$50
- Ending Assigned Fund Balance was understated by \$14,835
- Ending Unassigned Fund Balance was overstated by \$6,662
- Ending Cash Balance was understated by \$8,173

**2014 Special Revenue Funds**

- Beginning Fund Balance was understated by \$6,883
- Property and Other Taxes were understated by \$65
- Intergovernmental Receipts were understated by \$5,471
- Miscellaneous Receipts were understated by \$66
- Charges for Services Receipts were understated by \$1,800
- Basic Utility Services Expenditures were overstated by \$10
- Transportation Expenditures were overstated by \$3,267
- Ending Restricted Fund Balance and Cash Balance was understated by \$13,962

**FINDING NUMBER 2014-001  
(Continued)**

**2014 Enterprise Funds**

- Beginning Fund Balance was understated by \$2,302
- Special Assessments were understated by \$258
- Intergovernmental Receipts were understated by \$477,451
- Charges for Services Receipts were understated by \$2,040
- Other Debt Proceeds Receipts were understated by \$25,565
- Capital Outlay Expenditures were understated by \$1,569,776
- Contractual Services Expenditures were overstated by \$1,146,324
- Principal Retirement Expenditures were understated by \$94,979
- Ending Fund Balance and Cash Balance was overstated by \$10,815

**2013 General Fund**

- Charges For Services Receipts were understated by \$360
- Miscellaneous Receipts were understated by \$1,290
- Earnings on Investments were understated by \$4
- General Government Expenditures were understated by \$3,188
- Basic Utility Services Expenditures were understated by \$990
- Ending Unassigned Fund Balance and Cash Balance was overstated by \$2,524

**2013 Special Revenue Funds**

- Charge for Services Receipts were overstated by \$380,069
- Miscellaneous Receipts were overstated by \$1,290
- Intergovernmental Receipts were understated by \$15,850
- Earnings On Investments were overstated by \$2
- Basic Utility Services Expenditures were overstated by \$374,709
- Transportation Expenditures were understated by \$11,853
- General Government Expenditures were overstated by \$840
- Ending Restricted Fund Balance and Cash Balance was overstated by \$1,815

**2013 Capital Projects Funds**

- Earnings On Investments were overstated by \$2
- Ending Committed Fund Balance and Cash Balance was overstated by \$2

**2013 Enterprise Funds**

- Charges For Services Receipts were understated by \$16,950
- Intergovernmental Receipts were understated by \$77,484
- Other Debt Proceeds Receipts were understated by \$286,976
- Contractual Services Expenditures were understated by \$659
- Capital Outlay Expenditures were understated by \$361,749
- Principal Retirement Expenditures were understated by \$12,960
- Ending Fund Balance and Cash Balance was understated by \$6,042

Adjustments and reclassifications to correct the errors above are reflected in the accompanying financial statements. The Village has recorded the fund balance adjustments in the UAN accounting system. Additionally, there were insignificant revenue and expenditure reclassifications that were identified that were not adjusted or reflected in the accompanying financial statements.

**FINDING NUMBER 2014-001**  
**(Continued)**

The Village should establish a risk assessment process to identify internal and external events and circumstances that may occur and adversely affect the Village's ability to record, process, summarize and report financial data consistent with management's financial statement assertions. Risk assessment includes:

- Identifying unusual events or transactions, or changes in laws or accounting principles or other financial reporting requirements.
- Analyzing how these events or transactions affect financial reporting.
- If the event or transaction will be recurring, determining modifications to the accounting systems or control activities to help assure properly including and reporting these matters in the financial statements.

Failure to implement risk assessment procedures could result in problems associated with management's financial statement assertions going unnoticed. Further, the Village should develop and implement procedures to verify accurate recordkeeping of all its activities. Failure to maintain complete accountability of public monies could increase the possibility of funds being altered, impaired, lost or stolen. Additionally, independent detailed reviews should be performed of these records as means of providing for their accuracy.

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2014-002**

**Noncompliance Citation**

**State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Village had credit cards in its name for use by employees and officials during the audit period. The following payments were made during 2014 and 2013 related to the Village's credit cards which did not have appropriate supporting documentation:

- The Village did not have supporting documentation on file for eleven credit card charges, totaling \$1,057, paid during 2014 and 2013.
- The Village made seven payments, totaling \$865, to First Bankcard, the credit card company, in 2014. There were no credit card statements or other supporting documentation on file for these payments.
- Credit card payments made during 2013 included \$296 of late and over the limit fees in 2013. The amount of fees paid in 2014 is indeterminable, due to the lack of records. Finance charges are not considered proper public purpose

**FINDING NUMBER 2014-002  
 (Continued)**

Policies and procedures should be established to determine that all supporting documentation is maintained for all disbursements and that all bills are timely paid to avoid finance charges. The Village should also use itemized receipts as support for purchases so that there is documentation on what was purchased. Without proper supporting documentation, it is not possible to determine if the expenditure was for goods or services that would be considered a proper public purpose. The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2014-003**

**Noncompliance Citation**

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

**Ohio Rev. Code § 5705.39** states 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. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purposes for which such fund is established.

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

During 2014, the Village approved appropriations in excess of estimated resources in the following funds:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund	\$32,581	\$48,524	(\$15,943)
State Highway Fund	3,790	3,834	(44)
Permissive Motor Vehicle License Tax Fund	10,511	10,534	(23)
Sewer Operating Fund	27,402	30,209	(2,807)
Enterprise Improvement 6334 Fund		1,656,347	(1,656,347)
Enterprise Improvement 6199 Fund		54	(54)
Enterprise Improvement 6637 Fund	1,219,071	13,980,000	(12,760,929)

**FINDING NUMBER 2014-003**  
**(Continued)**

During 2014, the Village had budgeted expenditures in excess of appropriations in the following fund:

	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise Improvement 6199 Fund	\$54	\$138,305	\$(138,251)

During 2013, the Village did not file a certificate of available resources or appropriations with the County Auditor and did not obtain a certificate from the County Auditor that total appropriations from each fund did not exceed estimated resources therefore no appropriation measure was effective in 2013. At December 31, 2013 the Village had disbursements in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$0	\$71,833	\$(71,833)
Street Construction, Maintenance, and Repair Fund	0	37,479	(37,479)
State Highway Fund	0	203	(203)
Permissive Motor Vehicle License Tax Fund	0	1,950	(1,950)
Sewer Operating Fund	0	10,908	(10,908)
Enterprise Improvement 6334 Fund	0	200,700	(200,700)
Enterprise Improvement 6199 Fund	0	163,760	(163,760)

The Village should implement procedures to verify that budgetary compliance requirements are met and all documents required to be submitted to the County Auditor are submitted and approval is received and maintained on file. Failure to obtain requisite approval renders the appropriations illegal and could result in expenditures made by the Village being deemed unallowable by the courts. Further, the Village should implement procedures to verify that the Council does not approve appropriations in excess of County Auditor-approved estimated resources. By appropriating more funds than estimated resources, the Village is at risk of spending more money than is available. This may result in deficit fund balances.

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2014-004**

**Noncompliance Citation**

**Ohio Rev. Code § 149.351(A)**, states, in part, that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred or destroyed unlawfully.

The Village was unable to provide the following records to the Auditor of State:

- Minster Bank account statements for the months of June 2014 through December 2014. Copies of the statements were obtained directly from the Bank during audit.
- Copies of credit card statements for seven payments during 2014, three in July, two in August, one in November, and one in December.

**FINDING NUMBER 2014-004  
(Continued)**

- Support for rental receipts, sewer charges for services, miscellaneous additional receipts, and several disbursements had no underlying support on file such as duplicate receipts, invoices, etc. The failure to maintain documentation not only resulted in unsupported amounts being recorded on the financial statements for rental and sewer receipts but also resulted in the inability to assure completeness of the receipts.

he Village should adopt policies and implement procedures to verify that all records and documentation are properly maintained. Further, the Village should implement the use of pre-numbered rental agreements and duplicate receipts for over the counter cash receipts. 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. Failure to retain these required public records may result in an incomplete audit trail, create potential problems for future management decisions, and may result in findings for recovery in future audits.

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2014-005**

**Bank Reconciliations**

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the books provide reasonable assurance that all receipts and expenditures have been correctly posted on the Village's books and have been correctly posted by the bank. Additionally, reconciliations provide the Village with a picture of its financial position at month-end. The Village did not reconcile its books to the bank during June - December 2014.

The Auditor of State assisted the Village in reconciling its books during the engagement. At December 31, 2014 there was an unknown variance of \$3,027 between the adjusted book balance and the reconciled cash balance. The bank was less than the books. The financial statements were not adjusted for this error.

The Village should implement procedures to verify that monthly reconciliations between the bank balances to books are performed over all accounts and are subjected to regular independent reviews. Failure to do so could result in management using the incorrect cash balance as a basis for their decisions and bank errors remaining unnoticed. Further, the Village should investigate the source of the variances between book and the bank and take appropriate action to eliminate these variances.

**Official's Response:**

We did not receive a response from Officials to this finding.

VILLAGE OF BUCKLAND  
AUGLAIZE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2012-001	Supporting Documentation and Completeness of Receipts	No	Repeated as Finding 2014-004
2012-002	Accuracy of Financial Reporting	No	Repeated as Finding 2014-001

**This page intentionally left blank.**



# 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  
MAY 31, 2016