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**VILLAGE OF BUCHEL
ATHENS COUNTY
Regular Audit**

For the Years Ended December 31, 2016 and 2015

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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, 2015 through December 31, 2016. 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

June 1, 2017

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VILLAGE OF BUCHEL
ATHENS COUNTY

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INDEPENDENT AUDITOR'S REPORT

April 14, 2017

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 of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Buchtel**, Athens County, (the Village) as of and for the years ended December 31, 2016 and 2015.

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 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, 2016 and 2015, or changes in financial position 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 Buchtel, Athens County as of December 31, 2016 and 2015, 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 April 14, 2017, 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, 2016**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 61,207	\$ -	\$ 61,207
Intergovernmental	23,018	27,737	50,755
Fines, Licenses and Permits	7,717	-	7,717
Earnings on Investments	171	-	171
Miscellaneous	601	-	601
<i>Total Cash Receipts</i>	<u>92,714</u>	<u>27,737</u>	<u>120,451</u>
Cash Disbursements			
Current:			
Security of Persons and Property	15,433	-	15,433
Basic Utility Services	8,506	-	8,506
Transportation	-	10,468	10,468
General Government	54,562	-	54,562
Capital Outlay	-	15,000	15,000
<i>Total Cash Disbursements</i>	<u>78,501</u>	<u>25,468</u>	<u>103,969</u>
<i>Net Change in Fund Cash Balances</i>	14,213	2,269	16,482
<i>Fund Cash Balances, January 1</i>	<u>36,160</u>	<u>43,864</u>	<u>80,024</u>
Fund Cash Balances, December 31			
Restricted	-	46,133	46,133
Unassigned	50,373	-	50,373
<i>Fund Cash Balances, December 31</i>	<u>\$ 50,373</u>	<u>\$ 46,133</u>	<u>\$ 96,506</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, 2016

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Non-Operating Cash Receipts	\$ 7,604
Other Non-Operating Cash Disbursements	<u>(7,776)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(172)</u>
<i>Net Change in Fund Cash Balances</i>	(172)
<i>Fund Cash Balances, January 1</i>	<u>8,788</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 8,616</u></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, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 56,420	\$ -	\$ 56,420
Intergovernmental	21,977	30,184	52,161
Fines, Licenses and Permits	10,945	-	10,945
Earnings on Investments	161	-	161
Miscellaneous	551	-	551
<i>Total Cash Receipts</i>	<u>90,054</u>	<u>30,184</u>	<u>120,238</u>
Cash Disbursements			
Current:			
Security of Persons and Property	17,111	-	17,111
Basic Utility Services	8,435	-	8,435
Transportation	-	17,006	17,006
General Government	58,518	-	58,518
Capital Outlay	3,400	43,400	46,800
<i>Total Cash Disbursements</i>	<u>87,464</u>	<u>60,406</u>	<u>147,870</u>
<i>Net Change in Fund Cash Balances</i>	2,590	(30,222)	(27,632)
<i>Fund Cash Balances, January 1</i>	<u>33,570</u>	<u>74,086</u>	<u>107,656</u>
Fund Cash Balances, December 31			
Restricted	-	43,864	43,864
Unassigned	36,160	-	36,160
<i>Fund Cash Balances, December 31</i>	<u>\$ 36,160</u>	<u>\$ 43,864</u>	<u>\$ 80,024</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, 2015**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Non-Operating Cash Receipts	\$ 12,970
Other Non-Operating Cash Disbursements	<u>(14,272)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,302)</u>
<i>Net Change in Fund Cash Balances</i>	(1,302)
<i>Fund Cash Balances, January 1</i>	<u>10,090</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 8,788</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, 2016 AND 2015**

Note 1 - Reporting Entity

The Village of Buchtel (the Village), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, fire protection, police services, and maintenance of Village streets and highways.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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.

**VILLAGE OF BUCHEL
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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.

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 the 2016 and 2015 budgetary activity appears in Note 3.

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.

Capital Assets

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

VILLAGE OF BUCHEL
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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:

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

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

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

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, 2016 AND 2015
(Continued)**

Note 3 - Budgetary Activity

Budgetary activity for the years ended December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 91,317	\$ 92,714	\$ 1,397
Special Revenue	25,875	27,737	1,862
Total	\$ 117,192	\$ 120,451	\$ 3,259

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 127,477	\$ 78,501	\$ 48,976
Special Revenue	69,738	25,468	44,270
Total	\$ 197,215	\$ 103,969	\$ 93,246

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 88,453	\$ 90,054	\$ 1,601
Special Revenue	28,033	30,184	2,151
Total	\$ 116,486	\$ 120,238	\$ 3,752

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 122,023	\$ 87,464	\$ 34,559
Special Revenue	102,118	60,406	41,712
Total	\$ 224,141	\$ 147,870	\$ 76,271

**VILLAGE OF BUCHEL
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

Note 4 – 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>2016</u>	<u>2015</u>
Demand Deposits	\$ 91,152	\$ 74,869
Certificate of deposit	13,970	13,943
Total Deposits and Investments	<u>\$105,122</u>	<u>\$ 88,812</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

Note 6 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Casualty
- Public Officials Bonds
- Vehicles; and

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees 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. 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, 2016.

VILLAGE OF BUCHEL
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.



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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**

April 14, 2017

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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated April 14, 2017, 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.

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 2016-001 and 2016-002 described in the accompanying schedule of audit findings to be material weaknesses.

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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 2016-003 through 2016-005.

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 April 14, 2017.

Entity's Response to Findings

The Entity's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Entity's responses and, accordingly, we express no opinion on them.

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, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2016-001

Material Weakness

Posting Mayor's Court Activity

The Village should have procedures and controls in place to prevent and detect errors in financial reporting.

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 manual accounting system or annual financial report in 2016 and 2015.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments. The Financial Statements reflect all 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 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 2016-002

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, 2016 AND 2015

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

FINDING NUMBER 2016-002 (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 – The Village will adopt the proper policies to be in compliance with GASB 54.

**VILLAGE OF BUCHEL
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-003

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 – The Mayor's Court Clerk has been told to make sure all deposits are on time.

FINDING NUMBER 2016-004

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 – The Mayor's Court Clerk has been informed to make payments on time.

VILLAGE OF BUCHEL
ATHENS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-005

Noncompliance

Ohio Administrative Code 117-2-03 (B) and 126:3-1-01(A)(2)(a) and Ohio Revised Code Section 117.38 and 1724.05, and AOS Bulletin 2015-007 state that the Auditor of State has implemented the Hinkle Annual Financial Data Reporting System (Hinkle System). The Hinkle System is an internet based application that allows certain financial statement, debt, and demographic data to be entered, uploaded and transmitted to the AOS to satisfy the filing requirements prescribed by the Ohio Revised Code (ORC) and Ohio Administrative Code (OAC). All Villages were required to report via the Hinkle System for periods ended December 31, 2014 and thereafter.

Per Ohio Revised Code Section 117.38, entities filing on a cash basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The AOS may waive these penalties, upon filing of the past due financial report.

Furthermore, AOS Bulletin 2015-007 states, "the notes to the financial statements, and all other components listed above, are required to be included in the financial statements filed with the AOS via the Hinkle System".

In 2016 and 2015, the Village did file its report prior to the due date. However, in 2016 the Village did not file notes to the financial statements. We recommend the Village review AOS Bulletin 2015-007 and comply with AOS requirements of filing notes to the financial statements.

Management's Response – The Fiscal Officer will start filing notes through the Hinkle system.

**VILLAGE OF BBUCHTEL
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Posting Receipts and Disbursements	No	Not Corrected; Repeated as Finding 2016-001
2014-002	GASB 54	No	Not Corrected; Repeated as Finding 2016-002
2014-003	Ohio Revised Code Section 2335.25	Yes	
2014-004	Ohio Revised Code Section 733.40	No	Not Corrected; Repeated as Finding 2016-003
2014-005	Ohio Revised Code Section 2743.70 and 2949.091	No	Not Corrected; Repeated as Finding 2016-004



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
JUNE 13, 2017