

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

Financial Statements
(Audited)

For the Year Ended
December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council and Mayor
Village of Buckland
100 Old Mill Road
Buckland, Ohio 45819-9729

We have reviewed the *Independent Auditor's Report* of the Village of Buckland, Auglaize County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2018. 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 Buckland is responsible for compliance with these laws and regulations

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2019

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**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Village of Buckland
Auglaize County
100 Old Mill Road
Buckland, Ohio 45819

To the Members of Council and Mayor:

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 Buckland, Auglaize County, Ohio, as of and for the year ended December 31, 2018.

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 of Buckland'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 of Buckland's internal control. Accordingly, we express no such 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 2 of the financial statements, the Village of Buckland 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 of Buckland 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 of Buckland as of December 31, 2018, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, disbursements by fund type and related notes of the Village of Buckland, Auglaize County, Ohio, as of December 31, 2018, for the year 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2019, on our consideration of the Village of Buckland'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 of Buckland's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 23, 2019

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and Other Local Taxes	\$ 9,795	\$ -	\$ 9,795
Municipal Income Tax	25,865	-	25,865
Intergovernmental	44,474	11,830	56,304
Charges for Services	971	-	971
Fines, Licenses and Permits	1,823	-	1,823
Miscellaneous	1,607	-	1,607
Total cash receipts	<u>84,535</u>	<u>11,830</u>	<u>96,365</u>
Cash disbursements:			
Current:			
Security of Persons and Property	8,318	-	8,318
Leisure Time Activities	7,684	-	7,684
Transportation	-	3,294	3,294
General Government	66,370	-	66,370
Total cash disbursements	<u>82,372</u>	<u>3,294</u>	<u>85,666</u>
Excess of receipts over (under) disbursements	<u>2,163</u>	<u>8,536</u>	<u>10,699</u>
Net change in fund cash balances	2,163	8,536	10,699
Fund cash balances, January 1, 2018	<u>168,699</u>	<u>52,778</u>	<u>221,477</u>
Fund cash balances:			
Restricted	-	61,314	61,314
Assigned	208,093	-	208,093
Unassigned (Deficit)	(37,231)	-	(37,231)
Fund cash balances, December 31, 2018	<u>\$ 170,862</u>	<u>\$ 61,314</u>	<u>\$ 232,176</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating cash receipts:	
Charges for Services	\$ 75,114
Total operating cash receipts	75,114
Operating cash disbursements:	
Personal Services	3,316
Contractual Services	24,985
Supplies and Materials	3,613
Total operating cash disbursements	31,914
Operating income (loss)	43,200
Nonoperating cash receipts/(disbursements):	
Principal	(16,832)
Interest and Other Fiscal Charges	(2,763)
Total nonoperating cash receipts/(disbursements)	(19,595)
Net change in fund cash balances	23,605
Fund cash balances, January 1, 2018	60,473
Fund cash balances, December 31, 2018	\$ 84,078

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 - Reporting Entity

The Village of Buckland (the Village), Auglaize 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 sewer utilities, park operations, and general services. The Village contracts with the Buckland Volunteer Fire Department to provide fire protection services. The Village appropriates general fund money to support a volunteer fire department. The Village contracts with the Cridersville Fire Department to receive ambulance services. The Village appropriates general fund money to support ambulance services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a jointly governed organization and a public entity risk pool. Notes 6 and 7 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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 the proprietary fund type 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 Fund:

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.

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 Fund:

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 be budgeted annually.

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

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.

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 2018 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.

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 BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,861	\$84,535	\$12,674
Special Revenue	6,000	11,830	5,830
Enterprise	68,000	75,114	7,114
Total	\$145,861	\$171,479	\$25,618

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$264,137	\$86,313	\$177,824
Special Revenue	36,325	4,085	32,240
Enterprise	105,403	52,775	52,628
Total	\$405,865	\$143,173	\$262,692

Note 4 - Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village; the carrying amount of deposits at December 31, 2018 was \$316,254.

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.

Income Taxes

The Village levies a municipal income tax of 1 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.

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.

Note 6 - 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.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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. Until November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (the latest information available).

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, 2017 (the latest information available).

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$5,292,512</u>

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 7 - Jointly Governed Organization

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Two 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 postemployment 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, 2018.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2018</i>	<i>10%</i>	<i>14%</i>

Social Security

Seven of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries.

Note 9 - Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 6334	\$179,906	1.5%
Ohio Water Development Authority Loan 6637	188,346	0%
Total	<u><u>\$368,252</u></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.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 \$180,566 from the Water Pollution Control Loan Fund portion that was a principal forgiveness loan. The Village borrowed \$750,000 from the Other Projects – Un-Sewered Area Assistance Fund portion which was also a principal forgiveness loan. The Village borrowed \$221,583 out of \$288,515 available from the Water Pollution Control Fund. The Village will repay the loans in semiannual installments of \$5,540 over twenty years beginning in 2016. Sewer service charges collateralize the loan.

Amortization

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

Year ending December 31:	OWDA Loan 6634	OWDA Loan 6637
2019	\$ 4,258	\$ 5,540
2020	8,516	11,079
2021	8,516	11,079
2022	8,516	11,079
2023	8,516	11,079
2024 - 2028	42,582	55,396
2029 - 2033	42,582	55,396
2034 - 2038	42,582	27,698
2039 - 2043	42,582	
2044	4,258	
Total	\$ 212,908	\$ 188,346

Note 10 - Noncompliance

The Village did not comply with the following material compliance requirements:

- Ohio Administrative Code Section 117-2-02(C)(1) Integrating budgetary accounts into the financial accounting system
- Ohio Administrative Code Section 117-2-02(D) Required accounting records
- 26 US Code Sections 3102 and 3402 Deduction of tax from wages
- Ohio Revised Code Sections 5747.06 and 5747.07 (B) Employer's duty to record tax
- Ohio Revised Code Section 5705.39 Appropriations limited by estimated revenue
- Ohio Revised Code Section 5705.36 Certification of available revenue – additional revenue – amended official certificate
- Ohio Revised Code Section 9.38 Deposits of public money
- Ohio Revised Code Section 5705.36(A)(4) Appropriations limited by actual resources

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.



Julian & Grube, Inc.
Serving Ohio Local Governments

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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***

Village of Buckland
Auglaize County
100 Old Mill Road
Buckland, Ohio 45819

To the Members of Council and Mayor:

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 cash balances, receipts and disbursements by fund type of the Village of Buckland, Auglaize County, Ohio, as of and for the year ended December 31, 2018 and the related notes to the financial statements and have issued our report thereon dated July 23, 2019, wherein we noted the Village of Buckland 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 of Buckland'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 of Buckland's internal control. Accordingly, we have not opined on it.

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 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 of Buckland'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2018-001 through 2018-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Buckland'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 and responses as items 2018-002 and 2108-004 through 2018-010.

Village of Buckland's Responses to Findings

The Village of Buckland's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject the Village of Buckland's responses to the auditing procedures applied in the audit of the financial statements 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 of Buckland's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Buckland's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
July 23, 2019

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2018-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Certain adjustments were made to the financial statements and related notes, to properly state financial statement amounts.

The audited financial statements, related notes, and Village records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present control and monitoring system does not include a second review of the financial statement to ensure the information accurately portrays the activities of the Village.

We recommend the Village consult with their auditors, the Village Officers Handbook, the Auditor of State and/or Ohio Municipal League to help ensure accurate financial reporting.

Client Response: The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation.

Finding Number	2018-002
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Material Weakness/Noncompliance

Ohio Administrative Code Section 117-2-02(C)(1) states in part: "All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system." This means designing an accounting system to provide ongoing and timely information on budgetary receipts and appropriations.

While the Village utilizes the UAN system, which incorporates budgetary functions, the following deficiencies/discrepancies were noted:

- (1) The Village's UAN either excluded certain amounts appropriated by the Village Council, amounts in UAN did not agree to Council approved appropriations and/or amounts were modified at or below the legal level of control without evidence of Village Council approval.
- (2) The Village's UAN amounts for estimated receipts did not agree to County Auditor certified amended certificates.

The UAN system should incorporate estimated receipts/appropriations only certified/approved by the County Auditor/Village Council. Inaccurate information in the Village's UAN system may put the Village at risk of appropriating and/or overspending.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2018-002 - (Continued)

We recommend the Village comply with Ohio Administrative Code and sound financial reporting by implementing additional procedures to help ensure that only County certified estimated receipts and Village Council approved appropriations are included in the UAN system. This may be achieved by monitoring/reviewing more closely UAN monthly reports.

Client Response: The Village is aware of this requirement and will implement additional procedures to help ensure only approved amounts are included in the UAN system.

Finding Number	2018-003
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Bank Reconciliations - Material Weakness

The Fiscal Officer is responsible for reconciling the Village’s book (fund) balance to the total bank balance on a monthly basis.

While the Village Fiscal Officer performed monthly bank reconciliations, certain months did not balance to a zero unidentified amount and in addition, there appeared to be old outstanding receipts and deposits in transit.

Lack of monthly balanced bank statements to a zero unidentified amount may lead to misappropriations of assets and may decrease the Village’s ability to identify any discrepancies and resolve in a timely manner.

The Fiscal Officer should prepare the monthly cash reconciliations to a zero unidentified amount. The Village Council should review and approve each reconciliation by signing and dating said reconciliation.

Client Response: The Village Fiscal Officer is reconciled to a zero unidentified amount for all of 2019, and is currently investigating any old outstanding checks and will resolve any issues.

Finding Number	2018-004
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Noncompliance

Ohio Admin. Code Section 117-2-02(D) provides all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Further, all local public offices should maintain or provide a report similar to the following accounting records:

- a. Payroll records including:
 - i. W-2’s, W-4’s and other withholding records and authorizations;
 - ii. Payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments;

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FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2018-004 - (Continued)

- iii. Check register that includes, in numerical sequence, the check number, payee, net amount, and the date;
- iv. Information regarding nonmonetary benefits such as car usage and life insurance; and,
- v. Information, by employee, regarding leave balances and usage.

While the Village did maintain adequate accounting records, regarding the payment of payroll, the Village lacked proper payroll records consisting of evidence of filing certain withholding and employer portion of payroll taxes. The Village failed to file and submit payment for certain Federal, State, School District and Local payroll withholdings and applicable employer portions for payroll paid.

Lack of filing and payments timely of certain payroll withholding and employer match payments could put the Village at risk for penalties and interest and additionally could lead to a more costly audit and increases the risk for misappropriations.

We recommend that the Village contact the applicable agencies and arrange to file and make payment or outstanding payroll tax withholdings and applicable employer match payments.

Client Response: There was as a period of time in which the Village had numerous Fiscal Officers, the current Fiscal Officer is working with the applicable agencies to file the late remittances. This is expected to be fully resolved in the next few months.

Finding Number	2018-005
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Noncompliance

26 US Code Sections 3102 and 3402 require the employing government to withhold federal and employment-related taxes (such as Medicare and Social Security) from each employee. Furthermore, these chapters hold employers liable for reporting and payment of these taxes.

The Village did not file nor submit timely Federal withholding and applicable employer match reports and payments to the IRS.

Lack of filing timely reports and taxes due to the IRS may result in additional fines and penalties.

We recommend that the Village contact the IRS and work to immediately submit and Federal withholding/employer portion taxes and remittances to the IRS in a timely fashion.

Client Response: The current Fiscal Officer is actively working with the IRS to resolve any discrepancies and expects to have all filings and remittances resolved in a few months.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2018-006

Noncompliance

Ohio Revised Code Section 5747.06 requires every employer, including political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to any employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year.

Ohio Revised Code Section 5747.07 (B) provides that, with certain exceptions, every employer is required to deduct and withhold any amount under Ohio Revised Code Section 5747.06 shall file a return and shall pay the amount required by law in accordance with guidelines provided by this section.

The Village did not remit State, School District, or Local income tax withholdings to the required agencies.

Lack of filing timely reports and taxes due to the applicable agencies may result in additional fines and penalties.

We recommend that the Village immediately contact the agencies delinquent and submit/remit any filings/payments due for employee withholding taxes.

Client Response: The current Fiscal Officer is actively working with the IRS to resolve any discrepancies and expects to have all filings and remittances resolved in a few months.

Finding Number	2018-007
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Noncompliance

Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources in the following funds:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 238,968	\$ 262,545	\$ 23,577

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2018-007 - (Continued)

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Village will continue to attempt to modify appropriations and amended certificates in an efficient and accurate manner.

Finding Number	2018-008
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Noncompliance

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not properly certify unencumbered fund balances at January 1, 2017. Also, during the year and at year end, the Village did not request enough amended certificates throughout the year upon notice of increased or decreased resources.

The Village is not properly certifying its audited balances to the appropriate authorities as required by law. The Village is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend the Village consult the Ohio Compliance Supplement, the Village Officer’s Manual and its auditors to ensure that Village fund balances agree to audited reports. We further recommend the Village certify its available sources at year end and file amended certificates as necessary throughout the year. This will facilitate the Village’s appropriation process.

Client Response: The Village is attempting to monitor the budget more closely.

Finding Number	2018-009
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Noncompliance

Ohio Revised Code Section 9.38 provides that public money must be deposited with the Fiscal Officer or with the designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of the receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

**VILLAGE OF BUCKLAND
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**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2018-009 - (Continued)

While the funds are secured with various methods/controls, the Village held funds of varying amounts longer than the allowable number of business days without depositing them in accordance with the Ohio Revised Code Section 9.38.

As a result, not only is there risk of loss from burglary, misplacement, or misappropriation, but the cash is not available for expenditures or investment. Timely deposits also reduce the risk of receipts being lost, misappropriated or improperly posted and going undetected by management.

We recommend that the Village monitor collections and ensure that monies are deposited in accordance with state statute. This will improve cash flow and reduce the risk of loss. Further guidance regarding specific dollar amounts may be found in the Ohio Compliance Supplement.

Client Response: The Village is attempting to deposit funds timely.

Finding Number	2018-010
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Noncompliance

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The Village had appropriations exceeding total actual resources, which consists of actual revenues and beginning unencumbered fund balance, in the following fund:

Fund Type/Fund	Actual Resources	Appropriations	Excess
General Fund	\$ 251,642	\$ 262,545	\$ 10,903

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the Village monitor estimated resources in comparison with actual resources and appropriations, and if necessary, obtain a decreased amended certificate and amend appropriations accordingly. Further guidance may be found in Auditor of State bulletin 97-010.

Client Response: Going forward we will amend certificates of estimated resources as needed.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2017-001	2010	<u>Material Weakness - Financial Statement Presentation</u> – Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Certain adjustments were made to the financial statements and notes.	Not Corrected	Repeated as finding 2018-001
2017-002	2017	<u>Material Weakness/Noncompliance</u> - Ohio Administrative Code Section 117-2-02(C)(1) in part requires integration of budgetary accounts and information into the financial accounting system. Certain deficiencies/discrepancies were noted when comparing the approved appropriations and resources to amounts included in the UAN system.	Not Corrected	Repeated as finding 2018-002
2017-003	2014	<u>Material Weakness – Bank Reconciliation</u> – Bank reconciliations should be completed monthly and contain zero unidentified amounts. Monthly bank reconciliations that were completed did not balance to a zero unidentified amount and/or included old outstanding checks and deposits in transit.	Not Corrected	Repeated as finding 2018-003
2017-004	2017	<u>Noncompliance</u> - Ohio Administrative Code Section 117-2-02(D) in part requires certain accounting records. Certain payroll records were either not submitted and/or payment not made.	Not Corrected	Repeated as finding 2018-004
2017-005	2017	<u>Noncompliance</u> – 26 US Code Sections 3102 and 3402 require withholding and submitting applicable amounts including certain employer matches. The Village did not remit filings or payments on certain quarterly federal withholdings or applicable employer matches.	Not Corrected	Repeated as finding 2018-005
2017-006	2017	<u>Noncompliance</u> - Ohio Administrative Code Sections 5747.06 and 5747.07 (B) require withholding and remittance of reporting and payment. The Village did not remit State, School District, or Local income tax withholdings to the required agencies.	Not Corrected	Repeated as finding 2018-006
2017-007	2017	<u>Noncompliance</u> - Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources. The Village had appropriations in excess of estimated resources in certain funds.	Not Corrected	Repeated as finding 2018-007

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2017-008	2017	<u>Noncompliance</u> - Ohio Revised Code Section 5705.36 in part requires that total appropriations from each fund should not exceed total estimated resources throughout the year and that certified unencumbered fund balances be accurate. The Village had appropriations in excess of estimated resources in certain funds during the year and certified balances did not agree to the audit report.	Not Corrected	Repeated as finding 2018-008
2017-009	2017	<u>Noncompliance</u> - Ohio Revised Code Section 9.38 provides that public money must be deposited with the Fiscal Officer or with the designated depository within the allowable number of business days. It was noted during the audit that the Village held funds of varying amounts longer than the allowable number of business days without depositing them in accordance with the Ohio Revised Code Section 9.38.	Not Corrected	Repeated as finding 2018-009
2017-010	2017	<u>Noncompliance</u> - Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The Sewer Fund had appropriations in excess of actual resources.	Not Corrected	Repeated as finding 2018-010

OHIO AUDITOR OF STATE
KEITH FABER



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
OCTOBER 10, 2019**