



**Auditor of State
Betty Montgomery**

VILLAGE OF BUCKLAND
AUGLAIZE COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Buckland
Auglaize County
105 North Main Street
Buckland, OH 45819

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of Buckland, Auglaize County, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of Buckland
Auglaize County
Independent Accountants' Report
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This report is intended solely for the information and use of the management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 12, 2003

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$5,791	\$697		\$6,488
Intergovernmental Receipts	88,979	12,787		101,766
Charges for Services	35,354			35,354
Earnings on Investments	701	434	177	1,312
Miscellaneous	1,367			1,367
	<u>132,192</u>	<u>13,918</u>	<u>177</u>	<u>146,287</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	54,413			54,413
Public Health Services	1,310			1,310
Leisure Time Activities	29,807			29,807
Basic Utility Services	16,440			16,440
Transportation	1,668	6,598		8,266
General Government	20,408			20,408
Capital Outlay	17,600			17,600
Debt Service:				
Principal Payments	10,463			10,463
Interest Payments	5,221			5,221
	<u>157,330</u>	<u>6,598</u>		<u>163,928</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(25,138)	7,320	177	(17,641)
Other Financing Receipts and (Disbursements):				
Transfers-In			2,750	2,750
Transfers-Out	(2,750)			(2,750)
	<u>(2,750)</u>		<u>2,750</u>	
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(27,888)	7,320	2,927	(17,641)
Fund Cash Balances, January 1	47,707	31,942	11,000	90,649
Fund Cash Balances, December 31	<u>\$19,819</u>	<u>\$39,262</u>	<u>\$13,927</u>	<u>\$73,008</u>

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

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$6,008	\$656		\$6,664
Intergovernmental Receipts	73,305	7,710	9,096	90,111
Charges for Services	34,944			34,944
Earnings on Investments	1,621	754		2,375
Miscellaneous	3,464			3,464
	<hr/>			
Total Cash Receipts	119,342	9,120	9,096	137,558
Cash Disbursements:				
Current:				
Security of Persons and Property	66,113			66,113
Public Health Services	1,210			1,210
Leisure Time Activities	3,365			3,365
Basic Utility Services	16,788			16,788
Transportation	2,717	8,162	9,096	19,975
General Government	18,075			18,075
Debt Service:				
Principal Payments	9,947			9,947
Interest Payments	5,737			5,737
	<hr/>			
Total Cash Disbursements	123,952	8,162	9,096	141,210
Total Receipts Over/(Under) Disbursements	(4,610)	958		(3,652)
Other Financing Receipts and (Disbursements):				
Transfers-In			11,000	11,000
Transfers-Out	(11,000)			(11,000)
	<hr/>			
Total Other Financing Receipts/(Disbursements)	(11,000)		11,000	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(15,610)	958	11,000	(3,652)
Fund Cash Balances, January 1	63,317	30,984		94,301
	<hr/>			
Fund Cash Balances, December 31	<u>\$47,707</u>	<u>\$31,942</u>	<u>\$11,000</u>	<u>\$90,649</u>

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Buckland, Auglaize County (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), police services, fire protection services, refuse services, and street construction maintenance and repair.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Village maintains all of its funds in an interest bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. 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.

Permissive Motor Vehicle License Tax Fund – This fund receives the proceeds of a levied license fee for constructing, maintaining, and repairing roads.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital project funds:

Issue II Fund – This fund receives Issue II state funding for the paving and repaving of roads.

Fire Department Truck Fund – This fund receives funding for and the payment of a new fire truck.

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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$73,008	\$90,649

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$126,152	\$132,192	\$6,040
Special Revenue	9,521	13,918	4,397
Capital Project	1,726	2,927	1,201
Total	\$137,399	\$149,037	\$11,638

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$178,421	\$160,080	\$18,341
Special Revenue	41,463	6,598	34,865
Capital Project	12,726	0	12,726
Total	\$232,610	\$166,678	\$65,932

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,192	\$119,342	\$12,150
Special Revenue	9,621	9,120	(501)
Capital Project	9,096	20,096	11,000
Total	\$125,909	\$148,558	\$22,649

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$169,507	\$134,952	\$34,555
Special Revenue	40,605	8,162	32,443
Capital Project	11,000	9,096	1,904
Total	\$221,112	\$152,210	\$68,902

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village of Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Lease Purchase Agreement	<u>\$90,133</u>	5%

The Lease/Purchase agreement is related to the purchase of an Emergency One American Eagle Fire Truck. The Lease will be repaid in annual installments of \$15,684, including interest, over 10 years.

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

Year ending December 31:	Principal	Interest	Total
2003	\$11,006	\$4,678	\$15,684
2004	11,578	4,106	15,684
2005	12,178	3,506	15,684
2006	12,810	2,874	15,684
2007	13,475	2,209	15,684
Subsequent	<u>29,086</u>	<u>2,283</u>	<u>31,369</u>
Total	<u>\$90,133</u>	<u>\$19,656</u>	<u>\$109,789</u>

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RETIREMENT SYSTEMS

A. Public Employees Retirement System

The Village's employees and part-time law enforcement officers belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contribute 8.5% of their wages. The Village contributes an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employee Retirement System have an option to choose Social Security or the Public Retirement Service System. As of December 31, 2002, four of the Council members and the mayor have elected Social Security. The Village's liability is 6.2 percent of the wages paid.

7. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Buckland
Auglaize County
105 North Main Street
Buckland, OH 45819

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of Buckland, Auglaize County (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 12, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 12, 2003.

Village of Buckland
Auglaize County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the management and Village Council, and 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 12, 2003

**VILLAGE OF BUCKLAND
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-30206-001	Ohio Revised Code Section 102.03(D) & (E), prohibits the granting of in term increases.	Yes	



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

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
SEPTEMBER 11, 2003**