



Mary Taylor, CPA
Auditor of State

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Buckeye Lake
Licking County
PO Box 27
5192 Walnut Road
Buckeye Lake, Ohio 43008

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 30, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Buckeye Lake
Licking County
5192 Walnut Road
Buckeye Lake, Ohio 43008

To the Village Council:

We have audited the accompanying financial statements of Village of Buckeye Lake, Licking County, Ohio (the Village), as of and for the year ended December 31, 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Village of Buckeye Lake, Licking County, Ohio as of December 31, 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

July 30, 2010

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 100,311	\$ 284,127	\$ -	\$ 384,438
Intergovernmental	64,322	201,261	-	265,583
Special Assessments	-	-	171,685	171,685
Charges for Services	20,023	-	-	20,023
Fines, Licenses and Permits	104,327	6,583	-	110,910
Earnings on Investments	6,352	1,824	-	8,176
Miscellaneous	3,349	1,631	-	4,980
	<u>298,684</u>	<u>495,426</u>	<u>171,685</u>	<u>965,795</u>
Total Cash Receipts				
	<u>298,684</u>	<u>495,426</u>	<u>171,685</u>	<u>965,795</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	301	394,225	-	394,526
Public Health Services	10,097	-	-	10,097
Leisure Time Activities	1,582	-	-	1,582
Community Environment	28,783	3,128	-	31,911
Transportation	9,825	89,490	-	99,315
General Government	138,788	613	-	139,401
Debt Service:				
Redemption of Principal	-	45,464	-	45,464
Interest and Fiscal Charges	-	3,394	-	3,394
Capital Outlay	-	193,985	12,730	206,715
	<u>189,376</u>	<u>730,299</u>	<u>12,730</u>	<u>932,405</u>
Total Cash Disbursements				
	<u>189,376</u>	<u>730,299</u>	<u>12,730</u>	<u>932,405</u>
Total Receipts Over/(Under) Disbursements	<u>109,308</u>	<u>(234,873)</u>	<u>158,955</u>	<u>33,390</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Bonds	-	150,000	-	150,000
Transfers-In	10,000	115,457	-	125,457
Transfers-Out	(110,726)	(14,731)	-	(125,457)
Other Financing Sources	-	633	-	633
	<u>(100,726)</u>	<u>251,359</u>	<u>-</u>	<u>150,633</u>
Total Other Financing Receipts / (Disbursements)				
	<u>(100,726)</u>	<u>251,359</u>	<u>-</u>	<u>150,633</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	8,582	16,486	158,955	184,023
Fund Cash Balances, January 1	67,632	456,665	161,160	685,457
Fund Cash Balances, December 31	<u>\$ 76,214</u>	<u>\$ 473,151</u>	<u>\$ 320,115</u>	<u>\$ 869,480</u>

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Disbursements:			
Personal Services	\$ 210	\$ -	\$ 210
Employee Fringe Benefits	32	-	32
Total Operating Cash Disbursements	<u>242</u>	<u>-</u>	<u>242</u>
Operating (Loss)	<u>(242)</u>	<u>-</u>	<u>(242)</u>
Non-Operating Cash Receipts:			
Intergovernmental	4,614,941	-	4,614,941
Other Debt Proceeds	915,827	-	915,827
Fines and Fines Collected	-	80,367	80,367
Total Non-Operating Cash Receipts	<u>5,530,768</u>	<u>80,367</u>	<u>5,611,135</u>
Non-Operating Cash Disbursements:			
Capital Outlay	5,133,618	-	5,133,618
Redemption of Principal	347,985	-	347,985
Fines and Fines Disbursed	-	78,205	78,205
Total Non-Operating Cash Disbursements	<u>5,481,603</u>	<u>78,205</u>	<u>5,559,808</u>
Net Receipts Over Disbursements	48,923	2,162	51,085
Fund Cash Balances, January 1	<u>92,651</u>	<u>812</u>	<u>93,463</u>
Fund Cash Balances, December 31	<u>\$ 141,574</u>	<u>\$ 2,974</u>	<u>\$ 144,548</u>

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Buckeye Lake, Licking County, (the Village) as a body corporate and politic. A publicly-elected seven-member Council directs the Village. The Village provides park operations, police services, fire protection services, and road maintenance. The Village has contracted with Licking County to provide sewer services. On July 1, 2004 the Village passed a charter form of government. A copy of the Village's charter can be obtained from the Village's Fiscal Officer.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. 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 Village values certificates of deposits at cost.

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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Police Levy Fund - This fund receives property tax money to pay for providing security of persons and property.

Fire Levy Fund – This fund receives property tax money to pay for providing fire protection and emergency medical services.

3. Capital Project Funds

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following capital project fund:

Capital Water Pre-assessment Fund – This fund receives special assessment receipts to pay for the Villages water system project.

4. Enterprise Funds

This fund accounts 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 Enterprise Fund:

Water Distribution Fund – This fund accounts for the loans, grants, and expenditures pertaining to the Village water project.

5. Fiduciary Funds (Agency Fund)

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 disburses these funds as directed by the individual, organization, or other government. The Village's agency fund accounts for:

Mayor's Court Fund – This fund receives monies from the collections on fines imposed from tickets issued by the Village's police protection force. Funds are collected, in part, on behalf of the State of Ohio.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	<u>2009</u>
Demand deposits	<u>\$957,276</u>
Certificates of deposit	<u>56,752</u>
Total deposits	<u><u>1,014,028</u></u>

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$420,728	\$308,684	(\$112,044)
Special Revenue	1,265,528	761,516	(504,012)
Capital Projects	321,160	171,685	(149,475)
Enterprise	4,483,885	5,530,768	1,046,883
Total	\$6,491,301	\$6,772,653	\$281,352

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$306,327	\$300,102	\$6,225
Special Revenue	900,085	745,030	155,055
Capital Projects	142,000	12,730	129,270
Enterprise	4,973,203	5,481,845	(508,642)
Total	\$6,321,615	\$6,539,707	(\$218,092)

The Village was in violation of Ohio Revised Code 5705.39 and appropriations exceeded estimated resources in the Enterprise Fund – Water Distribution System.

The Village was in violation of Ohio Revised Code 5705.41(B)(4) and expenditures exceeded appropriations in the Enterprise Fund – Water Distribution System.

4. Property Tax

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

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.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #5142	\$593,477	0%
Ohio Water Development Authority Loan #4928	\$307,071	0%
Ohio Water Development Authority Loan #CQ04J	22,588	0%
Dump Truck/Tractor	39,089	5%
Ambulance	119,648	4%
Total	<u>\$1,081,873</u>	

The Ohio Water Development Authority (OWDA) loan #5142 was awarded for the Drinking Water Assistance Fund of the water project the Ohio Environmental Protection Agency mandated. As of December 31, 2009, these loans were still open and amortization schedules will be unavailable until the Village makes its last draw on the loans. The Village has been approved for an amount up to \$6,615,297 for this project.

The Ohio Water Development Authority (OWDA) loan #4928 was awarded for the capacity fee to Millersport of the water project the Ohio Environmental Protection Agency mandated. As of December 31, 2009, these loans were still open and amortization schedules will be unavailable until the Village makes its last draw on the loans. The Village has been approved for an amount up to \$306,000 for this project.

The Ohio Public Works Commission (OPWC) loan #CQ04J was awarded for the storm-water system on July 1, 2006 in the amount of \$26,574. The loan will be repaid in annual installments of \$1,329 over the next 18 years.

The Dump Truck/Tractor loan relates to the purchase of a Dump Truck and a Tractor for the Village. The loan will be repaid to Park National Bank in annual installments of \$14,333 over the next three years.

The Ambulance loan relates to the purchase of a Dump Truck and a Tractor for the Village. The loan will be repaid to Park National Bank in annual installments of \$33,196 over the next four years.

The Township Debt is collateralized by the Township's taxing authority, service charges and assessment fees.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	Dump		
	Truck/Tractor	Ambulance	OPWC-CQ04J
2010	\$14,323	\$33,196	\$1,329
2011	14,323	33,196	1,329
2012	14,323	33,196	1,329
2013	0	33,196	1,329
2014	0	0	1,329
2015-2019	0	0	6,645
2020-2024	0	0	6,645
2025-2028	0	0	2,653
Total	<u>\$42,969</u>	<u>\$132,784</u>	<u>\$22,588</u>

6. Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009, OP&F participants contributed 10% of their wages. For 2009, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2009, 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, 2009.

7. Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

7. Risk Management (Continued)

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective village.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available).

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$19,253.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)

7. Risk Management (Continued)

Contributions to PEP	
2009	\$19,848
2008	\$18,542
2007	\$162

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Subsequent Events

The Village began providing water services to the Village residents in May of 2010.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Buckeye Lake
Licking County
PO Box 27
5192 Walnut Road
Buckeye Lake, Ohio 43008

To the Village Council:

We have audited the financial statements of the Village of Buckeye, Licking County, Ohio, (the Village) as of and for the year ended December 31, 2009, and have issued our report thereon dated July 30, 2010, wherein we noted the Village changed their financial presentation method to conform to presentation methods the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-003 and 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 30, 2010.

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

We intend this report solely for the information and use of management, Village Council, and the Finance Committee, and others within the Village. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 30, 2010

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness - Financial Statement Presentation

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

The Fiscal Officer did not always accurately post receipts and disbursements to the Village's accounting system. The following posting errors were noted:

- The Village classified the Water Fund as a Special Revenue fund instead of an Enterprise fund to account for loans, grants, and expenditures relating to the water project. The Water Fund activity was adjusted from the Special Revenue fund type to the Enterprise Fund type and renamed the Water Distribution System fund; (\$747,764 Intergovernmental Receipts, \$693,939 Expenditures, \$51,495 Fund Cash Balance);
- Agency Fund activity for the Mayor's Court was not included on the financial statements (\$80,245 in Fines Collected and \$78,555 Fines Disbursed);
- The Village incorrectly posted \$562,208 of Proceeds of Notes as Intergovernmental Receipts;
- In the Water Distribution System fund the Village did not record \$4,391,231 in Intergovernmental monies in the UAN System;
- In the Water Distribution System fund the Village incorrectly posted (\$40,481) as a receipt instead of as an expenditure for construction expenses;
- In the General fund the Village incorrectly posted \$39,512 as miscellaneous revenue during 2009 that should have been licenses, permits, and fees;
- The Village did not record \$353,619 in OWDA proceeds of notes, \$347,985 in OWDA principal payments, and \$5,634 in OWDA expenditures in the Enterprise fund on the UAN system;

Not posting receipts and disbursements accurately to the ledgers resulted in the financial statements requiring numerous audit adjustments and reclassification entries, as well as inaccurate accounting records making it difficult for the Village Council to effectively manage and budget for the Village's activities.

We recommend the Village's Fiscal Officer takes steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and AOS Bulletins. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year.

The Village should also adopt financial statement review procedures for accurate reporting of Village activity.

The Village's financial statements and accounting records have been adjusted to accurately reflect the proper line item classifications and fund postings.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009
(Continued)**

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

FINDING NUMBER 2009-001 (Continued)

Material Weakness - Financial Statement Presentation (Continued)

Officials' Response: The Village has taken steps to record Mayor's Court activity in the UAN system as of January 1, 2010. Also, the Village plans to take the necessary steps to correctly process the items noted on the presentation as we move forward in 2010.

FINDING NUMBER 2009-002

Material Weakness - UAN System not agreeing to Council Approved Budgetary

The Village's budgetary statements in the UAN System should reflect what is certified to and approved by the County and what has been approved by Council.

During the audit period, the Village's budgetary statements (estimated resources and appropriations) did not agree to the last Official Amended Certificate of Estimated Resources approved by Council or the Original Annual Appropriation Measure net of any properly approved supplemental appropriations measures by Council.

2009

Fund	Estimated Resources		Variance
	Approved by Council	From UAN	
General	\$ 420,727	\$ 370,351	\$ (50,376)
Special Revenue	\$ 1,265,528	\$ 1,210,001	\$ (55,527)
Capital Projects	\$ 321,160	\$ 332,844	\$ 11,685
Enterprise	\$ 4,483,885	\$ 807,653	\$ (3,676,232)
Total	\$ 6,491,300	\$ 2,720,849	\$ (3,770,451)

Fund	Appropriations		Variance
	Approved by Council	UAN	
Special Revenue	\$ 900,085	\$ 804,519	\$ (95,566)
Enterprise	\$ 4,973,203	\$ 739,080	\$ (4,234,123)
Total	\$ 5,873,288	\$ 1,543,600	\$ (4,329,688)

Since the Fiscal Officer was not providing the Council with accurate budgetary information the Council was unable properly monitor the Village's performance measurements. The lack of accurate information provided to Council resulted in expenditures exceeding appropriations and appropriation exceeding estimated resources. See findings 2009-003 and 2009-004. Although the Village did not have a negative fund balance at year end, inadequate monitoring by the Council could result in future non compliance with debt covenants; ultimately resulting in debt defeasance or a negative cash position for the Village.

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-002 (Continued)

Material Weakness - UAN System not agreeing to Council Approved Budgetary (Continued)

We recommend that the Fiscal Officer update the Village's budgetary statements in the UAN System so that they agree to the last Official Amended Certificate of Estimated Resources and the Annual Appropriation Measure net of any properly approved supplemental appropriation measures. In addition, when significant increases or decreases in receipts for a particular fund are expected, the Village should obtain an additional Official Amended Certificate of Estimated Resources. Not doing these steps could cause the Village to make appropriations in excess of estimated resources causing the Village to be in violation of the Ohio Revised Code.

Officials' Response: The Village will correct this issue moving forward.

FINDING NUMBER 2009-003

Expenditures Exceeding Appropriations – Material Non Compliance

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village's actual expenditures exceeded appropriations in the Water Distribution System Enterprise fund:

Date	Appropriations	Actual Expenditures	Variance
12/31/2009	\$4,973,203	\$5,481,845	\$(508,642)

By expending money that is not appropriated, the Village risks spending money they don't actually have.

We recommend the Village appropriate expenditures and amend estimated appropriations when necessary and that Council ensures that expenditures do not exceed appropriations.

Officials' Response: The Village will correct this issue moving forward.

FINDING NUMBER 2009-004

Appropriations Exceed Total Estimated Resources – Material Non-Compliance

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009
(Continued)

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

FINDING NUMBER 2009-004 (Continued)

Appropriations Exceed Total Estimated Resources – Material Non-Compliance (Continued)

As noted in Finding 2009-002, the Village did not maintain the proper authorized estimated resources or appropriations in the UAN system. Upon adjusting the accounting system this resulted in the total appropriations exceeding the total estimated resources in the Water Distribution System Enterprise fund:

Date	Estimated Resources	Appropriations	Variance
12/31/2009	\$4,483,885	\$4,973,203	\$(489,317)

This could result in the Village expending more money than it receives and could cause possible negative fund balances. A lack of funds may result in the Village being unable to meet its current debt obligations.

We recommend the Village ensure that estimated resources are sufficient to cover appropriations at the time of certification or amendment.

Officials' Response: The Village will correct this issue moving forward.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 21, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Financial Statement Presentation – Significant Deficiency/Material Weakness	No	Repeated as finding number 2009-001
2008-002	Prior Certification – ORC 5705.41(D)(1)	Partial	Repeated in Management Letter



Mary Taylor, CPA
Auditor of State

VILLAGE OF BUCKEYE LAKE

LICKING 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 7, 2010**