



**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the Village of Buckeye Lake (the Village) as of and for the year ended December 31, 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, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2002 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.

This report is intended solely for the information and use of 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.

JIM PETRO
Auditor of State

February 19, 2002

**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, 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	\$157,909	\$228,654	\$0	\$386,563
Special Assessments	0	24,431	0	24,431
Intergovernmental Receipts	92,063	129,934	0	221,997
Charges for Services	22,209	0	0	22,209
Fines, Licenses, and Permits	42,124	0	0	42,124
Earnings on Investments	13,156	1,408	0	14,564
Miscellaneous	27,604	20,500	0	48,104
Total Cash Receipts	<u>355,065</u>	<u>404,927</u>	<u>0</u>	<u>759,992</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	149,785	226,568	0	376,353
Public Health Services	5,652	0	0	5,652
Leisure Time Activities	5,732	343	0	6,075
Community Environment	18,995	3,262	0	22,257
Basic Utility Services	0	476	0	476
Transportation	0	75,300	0	75,300
General Government	122,095	0	0	122,095
Debt Service	12,500	28,720	18,000	59,220
Capital Outlay	3,465	14,500	0	17,965
Total Cash Disbursements	<u>318,224</u>	<u>349,169</u>	<u>18,000</u>	<u>685,393</u>
Total Receipts Over/(Under) Disbursements	<u>36,841</u>	<u>55,758</u>	<u>(18,000)</u>	<u>74,599</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	55,714	16,587	72,301
Transfers-Out	(72,301)	0	0	(72,301)
Total Other Financing Receipts/(Disbursements)	<u>(72,301)</u>	<u>55,714</u>	<u>16,587</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(35,460)</u>	<u>111,472</u>	<u>(1,413)</u>	<u>74,599</u>
Fund Cash Balances, January 1	<u>382,674</u>	<u>194,595</u>	<u>1,413</u>	<u>578,682</u>
Fund Cash Balances, December 31	<u><u>\$347,214</u></u>	<u><u>\$306,067</u></u>	<u><u>\$0</u></u>	<u><u>\$653,281</u></u>

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

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Agency</u>
Non-Operating Cash Receipts:	
Fees and Fines Collected	<u>\$32,250</u>
Non-Operating Cash Disbursements:	
Fees and Fines Distributed	<u>33,494</u>
Excess of Receipts Under Disbursements	(1,244)
Fund Cash Balance, January 1	<u>2,089</u>
Fund Cash Balance, December 31	<u><u>\$845</u></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, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Buckeye Lake, Licking 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 park operations and police services. The Village contracts with Licking Township and Union Township to provide fire protection services.

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

Certificates of deposit are valued at cost. Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 from trusts or 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.

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Water Study Fund - This fund received loan proceeds from the Ohio Water Development Authority (OWDA) in prior years. The proceeds are being used to design and conduct a study for water facilities and to retire related debt.

4. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as an agency fund. The Village had the following significant Agency Fund:

Mayor's Court Fund - This fund receives monies from 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.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The 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.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village had no outstanding encumbrances at December 31, 2001.

A summary of 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH

The Village maintains a cash and investment 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:

Demand deposits	\$ 607,997
Certificates of deposit	<u>46,129</u>
Total deposits	\$ <u>654,126</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$357,802	\$355,065	(\$2,737)
Special Revenue	397,623	460,641	63,018
Capital Projects	1,413	16,587	15,174
Total	\$756,838	\$832,293	\$75,455

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$460,148	\$390,525	\$69,623
Special Revenue	517,802	349,169	168,633
Capital Projects	18,000	18,000	0
Total	\$995,950	\$757,693	\$238,256

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village 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 payment, 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, 2001
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan-1997	\$12,500	0%
Ohio Water Development Authority Loan-1995	271,007	0%
General Obligation Note	50,000	5%
Mortgage Note	20,000	0%
Total	\$353,507	

The 1997 Ohio Water Development Authority (OWDA) loan relates to a water study. The loan will be repaid in annual installments of \$2,500 over ten years. The 1995 Ohio Water Development Authority (OWDA) loan also relates to a water study. The loan will be repaid in monthly installments of \$1,500 over twenty years. The loans will be repaid from the General Fund.

The general obligation note relates to the purchase of a fire truck. The note will be repaid in annual installments of \$25,000, plus interest, over five years.

The mortgage note relates to property purchased for expansion of the utility department. The note will be repaid in annual installments of \$10,000.

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

Year ending December 31:	OWDA Loan-1997	OWDA Loan-1995	General Obligation Note	Mortgage Note
2002	\$2,500	\$18,000	\$27,480	\$10,000
2003	2,500	18,000	26,240	10,000
2004	2,500	18,000		
2005	2,500	18,000		
2006	2,500	18,000		
2007-2014		181,007		
Total	\$12,500	\$271,007	\$53,270	\$20,000

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

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

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries. The Village has paid all contributions required through December 31, 2001

7. RISK POOL MEMBERSHIP

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 insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

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:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$17,112,129	\$15,295,389
Liabilities	<u>7,715,035</u>	<u>6,636,543</u>
Retained earnings	<u>\$9,397,094</u>	<u>\$8,658,846</u>

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

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

7. RISK POOL MEMBERSHIP (Continued)

<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$1,575,614	\$1,118,222
Liabilities	<u>281,561</u>	<u>279,871</u>
Retained earnings	<u>\$1,294,053</u>	<u>\$838,351</u>

8. CONTINGENT LIABILITY

The Village is defendant in one lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not adversely affect the Village's financial condition.

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

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

We have audited the accompanying financial statements of the Village of Buckeye Lake (the Village) as of and for the year ended December 31, 2001, and have issued our report thereon dated February 19, 2002. 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 a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated February 19, 2002.

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 other 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 February 19, 2002.

Village of Buckeye Lake
Licking County
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 management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

February 19, 2002

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001

Finding Number	Finding Summary	Fully Corrected?	Explanation
2000-VBL-001	Ohio Rev. Code 5705.41(B) - Expenditures exceeded appropriations in two funds.	Yes	Finding no longer applicable; the Village is in Compliance.
2000-VBL-002	Ohio Rev. Code 5705.39 - Appropriations exceeded estimated resources in two funds.	Yes	Finding no longer applicable; the Village is in Compliance.



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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
APRIL 2, 2002**