



**VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008-2007**



**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

August 12, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Buckeye Lake  
Licking County  
PO Box 27  
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 years ended December 31, 2008 and 2007. 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, 2008 and 2007 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, 2008 and 2007, 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, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1B, for the year ended December 31, 2007, the Village changed its financial presentation compared to the requirements of Governmental Accounting Standard No. 34. *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits.

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 August 12, 2009, 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

August 12, 2009



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, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 150,032	\$ 239,309	\$ -	\$ 389,341
Intergovernmental	34,536	257,621	-	292,157
Special Assessments	-	-	178,239	178,239
Charges for Services	20,482	-	-	20,482
Fines, Licenses and Permits	55,427	1,728	-	57,155
Earnings on Investments	11,435	4,250	-	15,685
Miscellaneous	1,229	2,795	-	4,024
	<u>273,141</u>	<u>505,703</u>	<u>178,239</u>	<u>957,083</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	-	381,937	-	381,937
Public Health Services	5,411	-	-	5,411
Leisure Time Activities	1,585	-	-	1,585
Community Environment	25,329	735	-	26,064
Basic Utility Service	-	314,619	-	314,619
Transportation	-	112,916	-	112,916
General Government	121,010	503	-	121,513
Debt Service:				
Principal Payment	-	15,293	-	15,293
Interest and Fiscal Charges	-	469	-	469
Capital Outlay	-	39,492	24,181	63,673
	<u>153,335</u>	<u>865,964</u>	<u>24,181</u>	<u>1,043,480</u>
Total Receipts Over/(Under) Disbursements	<u>119,806</u>	<u>(360,261)</u>	<u>154,058</u>	<u>(86,397)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes	-	327,000	-	327,000
Other Debt Proceeds	-	65,000	-	65,000
Transfers-In	-	108,574	7,100	115,674
Transfers-Out	(115,674)	-	-	(115,674)
	<u>(115,674)</u>	<u>500,574</u>	<u>7,100</u>	<u>392,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	4,132	140,313	161,158	305,603
Fund Cash Balances, January 1	<u>63,500</u>	<u>409,003</u>	<u>2</u>	<u>472,505</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 67,632</u></b>	<b><u>\$ 549,316</u></b>	<b><u>\$ 161,160</u></b>	<b><u>\$ 778,108</u></b>

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  
CHANGE IN CASH BALANCE  
DECEMBER 31, 2008

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	<u>Agency</u>
<b>Non-Operating Cash Receipts</b>	
Fees and Fines Collected	<u>\$ 23,444</u>
<b>Non-Operating Cash Disbursements:</b>	
Fees and Fines Distributed	<u>24,776.44</u>
Net Receipts Over Disbursements	(1,332.00)
Cash Balance, January 1	<u>2,144.00</u>
Cash Balance, December 31	<u><u>\$ 812</u></u>

See accompanying notes to the basic financial statements

**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, 2007**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 156,780	\$ 240,749	\$ -	\$ 397,529
Intergovernmental	62,737	175,227	201,502	439,466
Special Assessments	-	-	164,645	164,645
Charges for Services	27,194	-	-	27,194
Fines, Licenses and Permits	50,631	2,493	-	53,124
Earnings on Investments	18,962	7,485	-	26,447
Miscellaneous	21,818	8,723	-	30,541
	<u>338,122</u>	<u>434,677</u>	<u>366,147</u>	<u>1,138,946</u>
<b>Total Cash Receipts</b>				
	<u>338,122</u>	<u>434,677</u>	<u>366,147</u>	<u>1,138,946</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	729	397,236	-	397,965
Public Health Services	6,220	-	-	6,220
Leisure Time Activities	4,009	-	-	4,009
Community Environment	22,377	2,375	-	24,752
Basic Utility Service	-	1	-	1
Transportation	-	99,247	-	99,247
General Government	118,635	30,015	-	148,650
Debt Service:				
Principal Payment	-	1,329	289,727	291,056
Interest and Fiscal Charges	-	-	5,454	5,454
Capital Outlay	2,333	55,650	109,184	167,167
	<u>154,303</u>	<u>585,853</u>	<u>404,365</u>	<u>1,144,521</u>
<b>Total Cash Disbursements</b>				
	<u>154,303</u>	<u>585,853</u>	<u>404,365</u>	<u>1,144,521</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>183,819</u>	<u>(151,176)</u>	<u>(38,218)</u>	<u>(5,575)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In	-	103,000	38,114	141,114
Transfers-Out	(141,114)	-	-	(141,114)
	<u>(141,114)</u>	<u>103,000</u>	<u>38,114</u>	<u>(0)</u>
<b>Total Other Financing Receipts / (Disbursements)</b>				
	<u>(141,114)</u>	<u>103,000</u>	<u>38,114</u>	<u>(0)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	42,705	(48,176)	(104)	(5,575)
<b>Fund Cash Balances, January 1</b>	<u>20,795</u>	<u>457,179</u>	<u>106</u>	<u>478,080</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 63,500</b></u>	<u><b>\$ 409,003</b></u>	<u><b>\$ 2</b></u>	<u><b>\$ 472,505</b></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  
CHANGE IN CASH BALANCE  
DECEMBER 31, 2007

	<u>Agency</u>
<b>Non-Operating Cash Receipts</b>	
Fees and Fines Collected	<u>\$ 31,828</u>
<b>Non-Operating Cash Disbursements:</b>	
Fees and Fines Distributed	<u>31,597.70</u>
Net Receipts Over (Under) Disbursements	230.00
Cash Balance, January 1	<u>1,914.00</u>
Cash Balance, December 31	<u><u>\$ 2,144</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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. On January 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).

For the year ended December 31, 2007, the Village changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34. *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits. This change did not result in a restatement of the fund balances.

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 certificate 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, 2008 AND 2007  
(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:

Policy 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.

Water Study Fund – This fund receives money to design and conduct a study for water facilities.

**3. Capital Project Funds**

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

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

**4. Fiduciary Fund (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's agency fund accounts for:

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 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.

**VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**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 canceled, and reappropriated in the subsequent year. The Village did not properly encumber all commitments as required by Ohio law.

A summary of 2008 and 2007 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 and Investments**

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

	2008	2007
Demand deposits	\$724,289	\$422,234
Certificates of deposit	54,631	52,413
Total deposits	778,920	474,647

**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, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$427,754	\$273,141	(\$154,613)
Special Revenue	770,871	1,006,277	\$235,406
Capital Projects	162,900	185,339	\$22,439
Total	\$1,361,525	\$1,464,757	\$103,232

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$300,198	\$269,009	\$31,189
Special Revenue	1,087,882	865,964	221,918
Capital Projects	160,000	24,181	135,819
Total	\$1,548,080	\$1,159,154	\$388,926

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$337,735	\$ 338,122.00	\$387
Special Revenue	726,990	\$ 537,677.00	(189,313)
Capital Projects	445,776	\$ 404,260.00	(41,516)
Total	\$1,510,501	\$ 1,280,059.00	(\$230,442)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$384,387	\$295,417	\$88,970
Special Revenue	741,075	585,853	155,221
Capital Projects	410,295	404,365	5,930
Total	\$1,535,757	\$1,285,636	\$250,122

**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.



**VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. Property Tax (Continued)**

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, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Dump Truck/Tractor	\$51,036	5%
Ohio Public Works Commission Loan #CQ04J	\$23,916	0%
Ohio Water Development Authority Loan #4927	327,000	0%
Total	<u>\$401,952</u>	

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 20 years.

The Ohio Water Development Authority (OWDA) loan #4927 was awarded for the Distribution System Design of the water project the Ohio Environmental Protection Agency mandated. As of December 31, 2008, 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 \$347,985 for this project.

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 \$14,323 over the next five years.

In 2007, the Village retired the National City 2005 General Obligation Bonds.

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

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

Year ending December 31:	<u>Dump Truck/Tractor Loan</u>
2008	\$14,323
2009	14,323
2010	14,323
2011	14,323
2012	14,324
Total	<u>\$71,616</u>

**VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**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 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 24% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2008 and 2007, OPERS members contributed 10 and 9.5%9.5 and 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85% 13.85 and 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**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. 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 Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not

to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

**VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. Risk Management (Continued)**

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
<i>Assets</i>	<i>\$37,560,071</i>	<i>\$36,123,194</i>
<i>Liabilities</i>	<i>(17,340,825)</i>	<i>(16,738,904)</i>
<i>Net Assets</i>	<u><i>\$20,219,246</i></u>	<u><i>\$19,384,290</i></u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, 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 \$39,000. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

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, 2008 AND 2007  
(Continued)

7. Risk Management (Continued)

<u>Contributions to PEP</u>	
2006	\$19,471
2007	\$162
2008	\$18,542

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 budgetary contribution. Withdrawing members have no other future obligation to the pool. 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 Event

The Village was awarded a loan through the Ohio Public Works Commission on March 13, 2009, for \$299,500 at 0% Interest rate maturing in 30 years.



# 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 Lake, Licking County, Ohio, (the Village) as of and for the year ended December 31, 2008 and 2007, and have issued our report thereon dated August 12, 2009, 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding number 2008-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated August 12, 2009.

#### **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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-002.

We also noted certain noncompliance or other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 12, 2009.

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 the finance committee, management, Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 12, 2009

**VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Financial Statement Presentation – Significant Deficiency/Material Weakness**

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:

- Proceeds of Notes were incorrectly posted to Intergovernmental Revenue during FY2008 (\$327,000)
- License, Permits & Fees receipts were incorrectly posted to Miscellaneous Revenue during FY2008 (\$25,666) and during FY2007 (\$14,596)
- An Intergovernmental- Federal Grant receipt was incorrectly posted to Other Financing Sources during FY2007 (\$201,501)
- Debt Expenditures were incorrectly paid from Capital Outlay during FY2008 (\$14,433)
- Capital Outlay expenditures were incorrectly paid from Debt (\$104,313)
- Debt Principal expenditures were incorrectly coded as Other Debt Service (\$289,727)
- Agency Fund activity for Mayor's Court was not included on the financial statements during 2008 (\$24,776) or during 2007 (\$31,598).

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 and financial statements. 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 develop procedures for the review of the financial activity recorded to the ledgers and reported in the financial statements.

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

**Officials' Response:** New account line items have been or are being set up to correct this situation.

VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)

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

FINDING NUMBER 2008-002

**Prior Certification – ORC 5705.41(D)(1)**

**Ohio Rev. Code Section § 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due therein.

There are several exceptions to the standard requirement stated above that the Fiscal Officer certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**1. “Then and Now” Certificate** – If the Fiscal Officer can certify that both at the time that the contract or order was made (“then”), and at the time that the Fiscal Officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Fiscal Officer can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

**2. Blanket Certificate** – The Fiscal Officer may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**3. Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not approve payments for “Then and Now” Certificates which were in excess of \$3,000 by ordinance or resolution for 100% “Then and Now” expenditures tested totaling \$398,616. Failure to approve “Then and Now Certificates in excess of \$3,000 can result in there being no legal liability on the part of the subdivision or taxing district.



VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)

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

FINDING NUMBER 2008-002 (Continued)

**Prior Certification – ORC 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village approve payment for "Then and Now" Certificates which are in excess of \$3,000 by ordinance or resolution within 30 days of the issuance of the certificates.

**Officials' Response:** This will be corrected moving forward.

**VILLAGE OF BUCKEYE LAKE  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Noncompliance Citation and Significant Deficiency/Material Weakness Appropriations Exceeding Estimated Resources	Partial	Management Letter Comment
2006-002	Noncompliance Citation and Significant Deficiency/Material Weakness Expenditures Exceeding Appropriations	Yes	
2006-003	Financial Statement Presentation – Significant Deficiency/Material Weakness	No	Reissued as Finding 2008-001
2006-004	Significant Deficiency/Material Weakness Unsupported Reimbursement Expenditures	Yes	
2006-005	Noncompliance Citation – Significant Deficiency Ohio Rev. Code Section 135.21 provides for the allocation of interest among funds.	Yes	



**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  
NOVEMBER 24, 2009**