

**VILLAGE OF MEYERS LAKE
STARK COUNTY, OHIO**

REGULAR AUDIT

**For The Years
Ended December 31, 2009 – 2008**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Meyers Lake
1600 N Park Ave NW
Canton, Ohio 44708

We have reviewed the *Independent Accountants' Report* of the Village of Meyers Lake, Stark County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Meyers Lake is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

August 10, 2010

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VILLAGE OF MEYERS LAKE
STARK COUNTY

January 1, 2008 to December 31, 2009

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Meyers Lake
Stark County
1600 N Park Ave NW
Canton, Ohio 44708

To the Village Council:

We have audited the accompanying financial statements of the Village of Meyers Lake, Stark County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008. 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. 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 requires 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.

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 and 2008 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 and 2008, 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 the Village of Meyers Lake, Stark County, as of December 31, 2009 and 2008, 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 June 21, 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.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
June 21, 2010

**VILLAGE OF MEYERS LAKE
STARK 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$51,984	\$3,931	\$55,915
Intergovernmental	110,103	27,864	137,967
Charges for Services	28,161	-	28,161
Fines, Licenses and Permits	11,831	-	11,831
Earnings on Investments	3,005	907	3,912
Miscellaneous	9,196	-	9,196
	<u>214,280</u>	<u>32,702</u>	<u>246,982</u>
Total Cash Receipts			
	<u>214,280</u>	<u>32,702</u>	<u>246,982</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	10,000	-	10,000
Public Health Services	7,328	-	7,328
Community Environment	584	-	584
Basic Utility Service	23,227	-	23,227
General Government	45,936	-	45,936
Capital Outlay	17,389	53,371	70,760
	<u>104,464</u>	<u>53,371</u>	<u>157,835</u>
Total Cash Disbursements			
	<u>104,464</u>	<u>53,371</u>	<u>157,835</u>
Total Receipts Over/(Under) Disbursements	<u>109,816</u>	<u>(20,669)</u>	<u>89,147</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	109,816	(20,669)	89,147
Fund Cash Balances, January 1	<u>125,863</u>	<u>58,693</u>	<u>184,556</u>
Fund Cash Balances, December 31	<u>\$235,679</u>	<u>\$38,024</u>	<u>\$273,703</u>

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

**VILLAGE OF MEYERS LAKE
STARK 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$55,420	\$4,051	\$59,471
Intergovernmental	14,042	25,986	40,028
Charges for Services	26,332	-	26,332
Fines, Licenses and Permits	18,820	-	18,820
Earnings on Investments	2,272	853	3,125
Miscellaneous	14,394	-	14,394
	<u>131,280</u>	<u>30,890</u>	<u>162,170</u>
Total Cash Receipts			
	<u>131,280</u>	<u>30,890</u>	<u>162,170</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	10,086	-	10,086
Public Health Services	7,037	-	7,037
Community Environment	8,646	-	8,646
Basic Utility Service	24,791	-	24,791
General Government	48,668	-	48,668
Capital Outlay	17,627	8,100	25,727
	<u>116,855</u>	<u>8,100</u>	<u>124,955</u>
Total Cash Disbursements			
	<u>116,855</u>	<u>8,100</u>	<u>124,955</u>
Total Receipts Over/(Under) Disbursements	<u>14,425</u>	<u>22,790</u>	<u>37,215</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>14,425</u>	<u>22,790</u>	<u>37,215</u>
Fund Cash Balances, January 1, as restated	<u>111,438</u>	<u>35,903</u>	<u>147,341</u>
Fund Cash Balances, December 31	<u><u>\$125,863</u></u>	<u><u>\$58,693</u></u>	<u><u>\$184,556</u></u>

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

**VILLAGE OF MEYERS LAKE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Meyers Lake, Stark County, Ohio as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street maintenance and repair services and contracts with an outside company to provide utility services including refuse collection and disposal. The Village contracts with the Stark County Sheriff's department to provide security of persons and property.

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 Deposit 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.

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:

**VILLAGE OF MEYERS LAKE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

D. Fund Accounting (continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts). 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.

A summary of 2009 and 2008 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.

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:

	<u>2009</u>	<u>2008</u>
Demand deposits	\$ 155,371	\$ 25,083
Certificates of deposit	118,332	159,473
Total deposits	<u>\$ 273,703</u>	<u>\$ 184,556</u>

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

**VILLAGE OF MEYERS LAKE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,407	\$214,280	\$84,873
Special Revenue	25,000	32,702	7,702
Total	\$154,407	\$246,982	\$92,575

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$194,685	\$104,464	\$90,221
Special Revenue	55,000	53,371	1,629
Total	\$249,685	\$157,835	\$91,850

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,929	\$131,280	\$20,351
Special Revenue	21,000	30,890	\$9,890
Total	\$131,929	\$162,170	\$30,241

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$205,635	\$116,855	\$88,780
Special Revenue	35,000	8,100	26,900
Total	\$240,635	\$124,955	\$115,680

Contrary to Ohio law, \$8,231 in homestead and rollback receipts related to the Village's general levy were recorded in a fund other than the general fund. We provided an adjusting entry for the correction the error to the Village's management and the error was subsequently corrected in the presented financial statements.

**VILLAGE OF MEYERS LAKE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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.

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

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. Retirement Systems

The Village's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

6. Risk Management

The Village has obtained commercial insurance for the following risks:

- General liability and casualty;
- Vehicles; and
- Property, including electronic data equipment.

VILLAGE OF MEYERS LAKE
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)

7. **Prior Period Adjustment**

Prior period adjustments are the net effect of changes resulting from the correction of an error. Because such amounts are the product of errors from a prior period, they are not properly included as part of the results of operations of the current period, rather are reported as a direct adjustment to beginning fund balance to restate that amount to what it would have been had the error not occurred.

The Village recorded the following direct adjustment to beginning fund cash balance as of January 1, 2008:

1. Prior Period Adjustment – misallocation of earnings on investments to the proper funds.

The effect of this direct adjustment is presented below:

	General Fund	Street Construction Maintenance, and Repair Fund
Beginning Balance January 1, 2008	\$ 113,153	\$ 34,188
Misallocation of Earnings on Investments	(1,715)	1,715
Beginning Balance January 2008, restated	<u>\$ 111,438</u>	<u>\$ 35,903</u>

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

Village of Meyers Lake
Stark County
1600 N Park Ave NW
Canton, Ohio 44708

To the Village Council:

We have audited the financial statements of the Village of Meyers Lake, Stark County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 21, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 auditing procedures for the purpose of expressing our opinions 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2009-01 described in the accompanying schedule of findings to be a material weakness.

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 or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-02.

Village of Meyers Lake
Independent Accountants' Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards*
Page 2

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 21, 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, the Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
June 21, 2010

VILLAGE OF MEYERS LAKE
STARK COUNTY

SCHEDULE OF FINDINGS

DECEMBER 31, 2009 AND 2008

2009-01 **Material Weakness – Financial Reporting**

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the Village. This responsibility remains intact, even if management decides to outsource this function for efficiency purposes, or any other reason, to another accountant or consultant. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

We identified material misstatements in the Village's financial statements, as well as other misstatements that were not necessarily material, but were more than inconsequential. We provided adjusting entries to management. The misstatements were subsequently corrected. The misstatements are a strong indicator that the Village does not have sufficient internal control procedures in place related to financial reporting.

We recommend the Village implement control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements. Control procedures could include a separate review and analysis of the compiled financial statements by someone within management who is knowledgeable of financial reporting.

Official's Response

A separate review and analysis of the compiled financial statements will be performed by management on an ongoing basis.

**VILLAGE OF MEYERS LAKE
STARK COUNTY**

SCHEDULE OF FINDINGS

DECEMBER 31, 2009 AND 2008

2009-02 Noncompliance – Distribution of Receipts

Ohio Revised Code 5705.10 states, in part, all revenue derived from the following must be paid into the general fund:

- the general levy for current expense within the ten mill limitation,
- any general levy for current expense authorized by vote in excess of the ten mill limitation, and from
- sources other than the general property tax, unless its use for a particular purpose is prescribed by law

We identified \$8,231 in homestead and rollback receipts related to the Village's general levy were recorded in a fund other than the general fund. We provided an adjusting entry for the correction the error to the Village's management and the error was subsequently corrected in the presented financial statements.

We recommend the Village implement sufficient control procedures over the receipt process in order to enable management to prevent and detect potential receipts recorded in the incorrect fund and/or line item. Control procedures could include a separate review and analysis of the monthly receipt ledger by someone within management who is knowledgeable of accounting system and use of the Village Officer's Handbook issued by the Auditor of State's Office.

Official's Response

A separate review and analysis of the compiled financial statements will be performed by management on an ongoing basis.



Mary Taylor, CPA
Auditor of State

VILLAGE OF MEYERS LAKE
STARK 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
AUGUST 24, 2010