



Mary Taylor, CPA
Auditor of State

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Buckeye Lake
Licking County
P.O. Box 27
Buckeye Lake, Ohio 43008

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Buckeye Lake, Licking County, Ohio (the Village), as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements basis referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Buckeye Lake, Licking County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Street Construction Maintenance and Repair, Permissive Motor Vehicle License Tax, Fire Levy, Street Lighting and Police Levy funds, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2006, the Village revised 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*.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2007, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 25, 2007

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 478,081
<i>Total Assets</i>	<u>478,081</u>
Net Assets	
Restricted for:	
Capital Projects	106
Other Purposes	457,180
Unrestricted	20,795
<i>Total Net Assets</i>	<u>\$ 478,081</u>

See accompanying notes to the basic financial statements

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	General	Street Street, Construction Repairs & Maint. Fund	Permissive Motor Vehicle License Tax Fund	Fire Levy Fund	Street Lighting Fund	Police Levy Fund	Water Study Fund	Grandstaff Project Fund	Other Governmental Funds	Total Governmental Funds
Assets										
Equity in Pooled Cash and Cash Equivalents	\$ 20,795	\$ 75,306	\$ 64,022	\$ 185,858	\$ 73,135	\$ 9,417	\$ 106	\$ -	\$ 49,442	\$ 478,081
Total Assets	\$ 20,795	\$ 75,306	\$ 64,022	\$ 185,858	\$ 73,135	\$ 9,417	\$ 106	\$ -	\$ 49,442	\$ 478,081
Fund Balances										
Unreserved:										
Undesignated (Deficit), Reported in:										
General Fund	20,795									20,795
Special Revenue Funds		75,306	64,022	185,858	73,135	9,417			49,442	457,180
Capital Projects Funds							106	-		106
Total Fund Balances	\$ 20,795	\$ 75,306	\$ 64,022	\$ 185,858	\$ 73,135	\$ 9,417	\$ 106	\$ -	\$ 49,442	\$ 478,081

See accompanying notes to the basic financial statements

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Street Street, Construction Repairs & Maint. Fund	Permissive Motor Vehicle License Tax Fund	Fire Levy Fund	Street Lighting Fund	Police Levy Fund	Water Study Fund	Grandstaff Project Fund	Other Governmental Funds	Total Governmental Funds
Receipts										
Property and Other Local Taxes	\$ 131,452	\$ -	\$ -	\$ 143,647	\$ 21,687	\$ 97,441	\$ -	\$ -	\$ -	\$ 394,227
Special Assessments	-	-	-	-	-	-	158,131	-	-	158,131
Charges for Services	18,558	-	-	1,126	-	676	-	-	-	20,360
Fines, Licenses and Permits	69,822	-	-	-	-	-	-	-	4,459	74,281
Intergovernmental	57,768	108,052	13,202	21,393	1,158	9,214	-	127,744	14,767	353,298
Interest	633	1,753	1,510	-	-	-	-	-	973	4,869
Miscellaneous	6,825	198	-	3,102	-	1,929	-	-	7,800	19,854
Total Receipts	285,058	110,003	14,712	169,268	22,845	109,260	158,131	127,744	27,999	1,025,020
Disbursements										
Current:										
General Government	128,978	-	-	-	-	-	-	-	1,680	130,658
Security of Persons and Property	720	-	-	174,125	15,103	238,343	-	-	5,593	433,884
Public Health Services	6,220	-	-	-	-	-	-	-	-	6,220
Leisure Time Activities	3,562	-	-	-	-	-	-	-	320	3,882
Community Environment	22,598	-	-	-	-	-	-	-	2,490	25,088
Basic Utility Services	-	-	-	-	471	-	-	-	-	471
Transportation	1,335	80,584	357	-	-	-	-	-	1,359	83,635
Capital Outlay	-	12,897	-	-	-	-	78,178	127,744	20,790	239,609
Debt Service:										
Principal Retirement	-	-	-	-	-	-	84,507	-	-	84,507
Interest and Fiscal Charges	-	-	-	-	-	-	40,335	-	-	40,335
Total Disbursements	163,413	93,481	357	174,125	15,574	238,343	203,020	127,744	32,232	1,048,289
Excess of Receipts Over (Under) Disbursements	121,645	16,522	14,355	(4,857)	7,271	(129,083)	(44,889)	-	(4,233)	(23,269)
Other Financing Sources (Uses)										
Transfers In	-	-	-	-	-	138,500	44,995	-	-	183,495
Transfers Out	(183,495)	-	-	-	-	-	-	-	-	(183,495)
Other Financing Uses	(126)	-	-	-	-	-	-	-	-	(126)
Total Other Financing Sources (Uses)	(183,621)	-	-	-	-	138,500	44,995	-	-	(126)
Net Change in Fund Balances	(61,976)	16,522	14,355	(4,857)	7,271	9,417	106	-	(4,233)	(23,395)
Fund Balances Beginning of Year	82,771	58,784	49,667	190,715	65,864	-	-	-	53,675	501,476
Fund Balances End of Year	\$ 20,795	\$ 75,306	\$ 64,022	\$ 185,858	\$ 73,135	\$ 9,417	\$ 106	\$ -	\$ 49,442	\$ 478,081

See accompanying notes to the basic financial statements

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
AGENCY FUND
DECEMBER 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,914
<i>Total Assets</i>	<u>1,914</u>
Net Assets	
Unrestricted	<u>\$ 1,914</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 129,616	\$ 129,616	\$ 131,452	\$ 1,836
Intergovernmental	53,350	53,350	57,768	4,418
Charges for Services	33,300	33,300	18,558	(14,742)
Fines, Licenses and Permits	57,626	57,626	69,822	12,196
Earnings on Investments	3,264	3,264	633	(2,631)
Miscellaneous	27,459	27,459	6,825	(20,634)
<i>Total receipts</i>	<u>304,615</u>	<u>304,615</u>	<u>285,058</u>	<u>(19,557)</u>
Disbursements				
Current:				
Security of Persons and Property	1,000	1,000	720	280
Public Health Services	6,300	6,300	6,220	80
Leisure Time Activities	8,060	8,060	3,562	4,498
Community Environment	24,199	24,199	22,598	1,601
Transportation	1,350	1,350	1,335	15
General Government	188,330	188,330	128,978	59,352
<i>Total Disbursements</i>	<u>229,239</u>	<u>229,239</u>	<u>163,413</u>	<u>65,826</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>75,376</u>	<u>75,376</u>	<u>121,645</u>	<u>46,269</u>
Other Financing Sources (Uses)				
Transfers Out	(174,500)	(174,500)	(183,495)	8,995
Other Financing Uses	(15,000)	(15,000)	(126)	15,126
<i>Total Other Financing Sources (Uses)</i>	<u>(189,500)</u>	<u>(189,500)</u>	<u>(183,621)</u>	<u>24,121</u>
<i>Net Change in Fund Balance</i>	(114,124)	(114,124)	(61,976)	70,390
<i>Fund Balance Beginning of Year</i>	<u>82,771</u>	<u>82,771</u>	<u>82,771</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (31,353)</u>	<u>\$ (31,353)</u>	<u>\$ 20,795</u>	<u>\$ 70,390</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 97,625	\$ 97,625	\$ 108,052	\$ 10,427
Earnings on Investments	348	348	1,753	1,405
Miscellaneous	2,027	2,027	198	(1,829)
<i>Total receipts</i>	<u>100,000</u>	<u>100,000</u>	<u>110,003</u>	<u>10,003</u>
Disbursements				
Current:				
Transportation	72,701	72,701	80,584	(7,883)
Capital Outlay	14,700	14,700	12,897	1,803
<i>Total Disbursements</i>	<u>87,401</u>	<u>87,401</u>	<u>93,481</u>	<u>(6,080)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,599</u>	<u>12,599</u>	<u>16,522</u>	<u>16,083</u>
<i>Fund Balance Beginning of Year</i>	<u>58,784</u>	<u>58,784</u>	<u>58,784</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 71,383</u>	<u>\$ 71,383</u>	<u>\$ 75,306</u>	<u>\$ 16,083</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PERMISSIVE MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 13,202	\$ 11,202
Earnings on Investments	-	-	1,510	1,510
<i>Total receipts</i>	<u>2,000</u>	<u>2,000</u>	<u>14,712</u>	<u>12,712</u>
Disbursements				
Current:				
Transportation	20,000	20,000	357	19,643
<i>Total Disbursements</i>	<u>20,000</u>	<u>20,000</u>	<u>357</u>	<u>19,643</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,000)</u>	<u>(18,000)</u>	<u>14,355</u>	<u>(6,931)</u>
<i>Fund Balance Beginning of Year</i>	<u>49,667</u>	<u>49,667</u>	<u>49,667</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 31,667</u>	<u>\$ 31,667</u>	<u>\$ 64,022</u>	<u>\$ (6,931)</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 145,162	\$ 145,162	\$ 143,647	\$ (1,515)
Intergovernmental	-	-	21,393	21,393
Charges for Services	-	-	1,126	1,126
Miscellaneous	2,000	2,000	3,102	1,102
<i>Total receipts</i>	<u>147,162</u>	<u>147,162</u>	<u>169,268</u>	<u>22,106</u>
Disbursements				
Current:				
Security of Persons and Property	172,880	172,880	174,125	(1,245)
<i>Total Disbursements</i>	<u>172,880</u>	<u>172,880</u>	<u>174,125</u>	<u>(1,245)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,718)</u>	<u>(25,718)</u>	<u>(4,857)</u>	<u>23,351</u>
<i>Fund Balance Beginning of Year</i>	190,715	190,715	190,715	-
<i>Fund Balance End of Year</i>	<u>\$ 164,997</u>	<u>\$ 164,997</u>	<u>\$ 185,858</u>	<u>\$ 23,351</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET LIGHTING FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ -	\$ -	\$ 21,687	\$ 21,687
Intergovernmental	-	-	1,158	1,158
Miscellaneous	300	300	-	(300)
<i>Total receipts</i>	<u>300</u>	<u>300</u>	<u>22,845</u>	<u>22,545</u>
Disbursements				
Current:				
Security of Persons and Property	17,000	17,000	15,103	1,897
Basic Utility Services	600	600	471	129
<i>Total Disbursements</i>	<u>17,600</u>	<u>17,600</u>	<u>15,574</u>	<u>2,026</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,300)</u>	<u>(17,300)</u>	<u>7,271</u>	<u>20,519</u>
Other Financing Sources (Uses)				
<i>Fund Balance Beginning of Year</i>	<u>65,864</u>	<u>65,864</u>	<u>65,864</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 48,564</u>	<u>\$ 48,564</u>	<u>\$ 73,135</u>	<u>\$ 20,519</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
POLICE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 99,317	\$ 99,317	\$ 97,441	\$ (1,876)
Intergovernmental	366	366	9,214	8,848
Charges for Services	424	424	676	252
Miscellaneous	1,209	1,209	1,929	720
<i>Total receipts</i>	<u>101,316</u>	<u>101,316</u>	<u>109,260</u>	<u>7,944</u>
Disbursements				
Current:				
Security of Persons and Property	242,684	242,684	238,343	4,341
<i>Total Disbursements</i>	<u>242,684</u>	<u>242,684</u>	<u>238,343</u>	<u>4,341</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(141,368)</u>	<u>(141,368)</u>	<u>(129,083)</u>	<u>3,603</u>
Other Financing Sources (Uses)				
Transfers In	-	-	138,500	138,500
<i>Net Change in Fund Balance</i>	(141,368)	(141,368)	9,417	142,103
<i>Fund Balance Beginning of Year</i>	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ (141,368)</u>	<u>\$ (141,368)</u>	<u>\$ 9,417</u>	<u>\$ 142,103</u>

See accompanying notes to the basic financial statements

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**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Note 1 – Reporting Entity

The Village of Buckeye Lake, Licking County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and by its Charter. The Village is directed by a seven-member Council elected at large for four year terms. The Mayor is elected to a four-year term. The Village elects, by Council vote, a President of Council.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, maintenance of Village roads and bridges, park operations, and police and fire services.

B. Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 8 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.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction Maintenance and Repair Fund, Permissive Motor Vehicle License Tax Fund, Fire Levy Fund, Street Lighting Fund, Police Levy Fund, Water Study Fund and Grandstaff Project Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The Street Construction Maintenance and Repair Fund and Permissive Motor Vehicle License Tax Fund balances are available to the Village for the purpose of maintaining the Village's streets and bridges. The Fire Levy Fund balance is available to provide fire protection and emergency services. The Police Levy Fund balance is available to provide security of persons and property. The Street Lighting Fund provides street lighting services to the Village residents. The Water Study Fund balance is available to be used to design and conduct a study for water facilities. The Grandstaff Project Fund is used to account for the Ohio Public Works Commission project activity.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary funds include an agency fund. The agency fund is purely custodial in nature and is used to hold resources for individuals, organizations or other governments. The Village's only agency fund accounts for the Village's Mayor's Court.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2006, the Village invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$633, \$1,753 to the Street Construction Maintenance and Repair Fund, \$1,510 to the Permissive Motor Vehicle License Tax Fund and \$973 to the State Highway Fund.

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for state highway maintenance.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Change in Presentation

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 4 – Accountability and Compliance

A. Compliance

The Village had expenditures exceeding appropriations in the Street Maintenance and Repair, Fire Levy, Water Study and Grandstaff Project major funds and various nonmajor funds.

The Village had appropriations exceeding estimated resources in the General Fund, Policy Levy Fund, and Water Study Fund.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Construction Maintenance and Repair Fund, Permissive Motor Vehicle License Tax Fund, Fire Levy Fund, Street Lighting Fund, and Police Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no outstanding encumbrances at year end.

Note 6 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 6 – Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

The bank balance was \$507,379 at December 31, 2006. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosure*", at December 31, 2006, \$307,379 of the Village's bank balance was exposed to custodial credit risk as discussed below, while \$200,000 was covered by the Federal Depository Insurance Company.

Custodial credit risk is the risk that, in the event of a bank failure, the Village deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of the carrying value of the deposits. Such collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

Although all state statutory requirements for deposits were met, noncompliance with federal requirements could potentially subject the Village to a successful claim of the FDIC.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 6 – Deposits and Investments (Continued)

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2006, was \$11.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$ 31,244,000
Agriculture	320,870
Commercial/Industrial/Mineral	10,186,800
Public Utility Property	
Personal	\$1,920,250
Tangible Personal Property	\$ 650,450
Total Assessed Value	<u><u>\$44,322,370</u></u>

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 8 – 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, including loss adjustment expenses. 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 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. 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, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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, 2006 and 2005

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 8 – Risk Management (Continued)

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	(863,163)	(1,068,245)
Retained earnings	<u>\$4,262,163</u>	<u>\$3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, 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 \$38,942. This payable includes the subsequent year's contribution due if the Village 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.

Contributions to PEP	
2004	\$17,938
2005	\$18,541
2006	\$19,471

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give 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.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The Village's contribution rate for pension benefits for 2006 was 9.2 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 12.43 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$29,052, \$27,544 and \$25,203 respectively; 100 percent has been contributed for 2006 and 100 percent for 2005 and 2004.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The Village's contributions to the Fund for police were \$25,700 for the year ended December 31, 2006, \$26,077 for the year ended December 31, 2005 and \$28,886 for the year ended December 31, 2004. The full amount has been contributed for 2006 and 2005.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$7,465. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 10 - Postemployment Benefits (Continued)

B. Police and Firemen's Disability and Pension Fund (Continued)

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2006 that were used to fund postemployment benefits were \$12,397 for police. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

Note 11 – Debt Obligations

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental-type Activities</u>						
General Obligation Bonds – National City 2005	4.40%	\$ 175,000	\$0	\$35,000	\$140,000	\$ 35,000
Ohio Water Development Authority – 1997	0%	2,500	0	2,500	0	0
Ohio Water Development Authority – 1995	6.87%	47,007	0	47,007	0	0
Total Governmental-type Activities		<u>\$ 224,507</u>	<u>\$0</u>	<u>\$ 84,507</u>	<u>\$ 140,000</u>	<u>\$ 35,000</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The 1995 Ohio Water Development Authority (OWDA) loan relates to a water study. This loan originally was to be paid in annual installments of \$18,000 with the remaining amount of the loan balance and capitalized interest due on July 1, 2005 or when construction of the systems begins, whichever ever comes first. The Village had not started construction of the system by July 1, 2007 and had not fully repaid the loan. As of July 1, 2005, the Village was in default of the loan. However, in 2005, the Village obtained long-term financing in order to repay part of the principal of the loan, with remaining amounts to be paid by special assessments.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 11 – Debt Obligations (Continued)

The Village has an outstanding balance of \$60,469 at December 31, 2006 of engineering fees relating to the water assessment project. The Village has an agreement with the engineering firm to pay off the balance as the Village is able.

A 1997 Ohio Water Development Authority loan relating to a water study was retired in 2006.

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Bonds - 2005		OWDA Loan – 1995
	Principal	Interest	Interest
2007	\$35,000	\$3,000	\$149,115
2008	\$35,000	\$3,000	0
2009	\$35,000	\$3,000	0
2010	\$35,000	\$3,000	0
Totals	\$140,000	\$12,000	\$149,115

Note 12 – Interfund Transfers

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Policy Levy Fund	\$138,500
Water Study Fund	44,995
Total Transfers from the General Fund	\$183,495

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers to the Policy Levy fund were made to pay for operating expenditures of the Policy Levy Fund and are made on a regular basis. An additional transfer was made the Water Study Fund to help pay off debt and it does not occur on a regular basis.

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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
P.O. Box 27
Buckeye Lake, Ohio 43008

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Buckeye Lake, Licking County, Ohio, (the Village) as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 25, 2007, wherein, we noted the Village revised 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*. 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 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 opinions 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-005.

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. However, we believe finding numbers 2006-001 through 2006-004 are also material weaknesses.

We also noted a certain internal control matter that we reported to the Village's management in a separate letter dated July 25, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001, 2006-002 and 2006-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 25, 2007.

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



Mary Taylor, CPA
Auditor of State

July 25, 2007

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006

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

FINDING NUMBER 2006-001

Noncompliance Citation and Significant Deficiency/Material Weakness

Appropriations Exceeding Estimated Resources

Ohio Rev. Code Section 5705.39 provides in part that the total appropriations from each fund shall not exceed the estimated revenue available for expenditure as certified by the budget commission. As of December 31, 2006, the Village had appropriations exceeding estimated resources available for expenditures in the following funds:

Fund 2006	Total Certified Resources	Appropriations	Variance
General Fund (1000)	\$387,386	\$418,739	(\$31,353)
Police Levy (2905)	101,316	242,684	(\$141,368)
Water Study (4901)	40,500	45,589	(\$5,089)

We recommend the Clerk-Treasurer review the Amended Certificates of Estimated Resources and Supplemental Appropriation Measures to ensure that total appropriations from each fund do not exceed the total certified resources available for expenditures.

Officials' Response:

We are in the process of correcting this. We are monitoring the appropriations and sending requests to the County Auditors Office.

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency/Material Weakness

Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) states in part that no subdivision or taxing unit is to make any expenditure of money unless it has been appropriated as provided in such chapter. As of December 31, 2006, the Village had expenditures exceeding appropriations within the following funds:

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

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

FINDING NUMBER 2006-002 (Continued)

Expenditures Exceeding Appropriations (Continued)

Fund 2006	Appropriations	Expenditures	Variance
Street Construction Maintenanad and Repair Fund (2011)	\$72,701	\$80,584	(\$7,883)
Ryan Parks Fund (2041)	\$0	\$228	(\$228)
Bike Park Fund (2043)	\$20,000	\$20,789	(\$789)
Fire Levy Fund (2901)	\$172,880	\$174,125	(\$1,245)
Computerize the Courts (2902)	\$0	\$1,680	(\$1,680)
Fema Fund (2904)	\$0	\$3,978	(\$3,978)
Police Donations (2906)	\$0	\$1,615	(\$1,615)
Water Study (4901)	\$45,589	\$203,020	(\$157,431)
Grandstaff Capital Projects Fund	\$0	\$127,744	(\$127,744)

The Clerk-Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk-Treasurer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if unencumbered balances are available for appropriation.

Officials' Response:

We are in the process of correcting this. Any additional appropriations are being taken through Village Council meetings and if necessary to the County Auditors Office.

FINDING NUMBER 2006-003

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

- Intergovernmental Receipts were posted to incorrect funds (\$31,564).
- Agency fund activity for the Mayor's Court was not included on the financial statements (\$50,245).
- Intergovernmental Receipts were posted as Taxes (\$21,855).
- Intergovernmental Receipts were posted as Miscellaneous Receipts (\$10,137).
- Licenses, Permits and Fees were posted as Miscellaneous Receipts (\$17,911).
- Capital Outlay expenditures were posted as interest and fiscal charges (\$73,270).
- Principal debt expenditures were posted as interest and fiscal charges (\$84,507).
- Ohio Public Works Commission project funds were not posted to the financial statements (\$127,744).
- Various program revenues and general receipts were posted to incorrect line items (\$263,865).
- Budgetary receipts and disbursements were not always posted to the system to correspond with amounts approved by the Council and filed with the County Auditor.

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.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-003 (Continued)

Financial Statement Presentation – Material Weakness (Continued)

We recommend the Village’s Clerk-Treasurer take steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and AOS Bulletins. Also, budgeted receipts and disbursements should be posted to the ledgers that agree with properly filed budgetary documents with the County Auditor. 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’s financial statements and accounting records have been adjusted to accurately reflect the proper line item classifications and fund postings.

Officials’ Response:

We are in the process of correcting this. Additional line items are being set up to post revenues and expenditures in accordance with procedures and guidelines established in the UAN system and AOS bulletins. Caution is being used to make sure the items are posted correctly.

FINDING NUMBER 2006-004

Significant Deficiency/Material Weakness

Unsupported Reimbursement Expenditures

All expenditures, including reimbursement of expenditures from one fund to another, should be supported by detailed source documentation and be approved by the governing authority.

In 2006, the Village’s records indicate that a reimbursement to the General Fund of \$11,439 from the Street Construction Maintenance and Repair Fund (Street Fund) was made to reimburse the General Fund for previous year expenditures that could have been made from the Street Construction Maintenance and Repair Fund, but were not. This reimbursement was made without supporting documentation or Council approval.

Although it is a reasonable assertion that these expenditures could have been paid from the Street Fund, the lack of supporting documentation to support the reimbursement and lack of approval by Council does not ensure the reimbursement was for a proper public purpose.

We recommend the Village’s expenditures always contain adequate, detailed source documentation and Council approval to support all expenditures made.

The Village’s financial statements and accounting records have been adjusted to reverse the effect of this transaction.

If Council feels that there are expenditures that need reimbursed, then adequate support and approval should be provided to assure that the reimbursement is proper and is a legal obligation of the Street Fund.

Officials’ Response:

We acknowledge that any adjustments need to be supported by detailed documentation and be approved by the governing authority. We are in the process of correcting this.

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)

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

FINDING NUMBER 2006-005

Noncompliance Citation – Significant Deficiency

Ohio Rev. Code Section 135.21 provides for the allocation of interest among funds. Interest earned on monies deposited by a treasurer which do not belong in the treasury of the subdivision, due to their status as custodial funds, because she is acting as ex officio treasurer, or otherwise, generally must be apportioned to the funds to which the principal belongs (including undivided tax funds).

All interest earned must be credited to the general fund of the subdivision, with the following exceptions:

- Article XII, Section 5a, Ohio Const. and 1982 Op. Att’y Gen. No. 82-031 state that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.
- Interest earned on money received from the federal government may be due to the fund to which the principal belongs.

Interest earned on the deposits from the Street Construction Maintenance and Repair Fund, State Highway Fund and Permissive Motor Vehicle License Tax Fund was not credited proportionately to those funds during 2006. An adjustment of \$3,633 from the General Fund to the Street Construction Maintenance and Repair Fund in the amount of \$1,374 and to the State Highway Fund in the amount of \$749 and to the Permissive Motor Vehicle License Tax Fund in the amount of \$1,510 was required to properly distribute the 2006 interest.

Also, Ohio Rev. Code Section 5705.10 (D) requires all revenue derived from a source other than the general property tax, for which the law does not prescribe for use for a particular purpose, including the interest earned on any special fund, regardless of the source or purpose of the principal, shall be paid into the General Fund.

The Village credited \$1,326 of interest to the Fire Levy Fund in 2006, which should have been posted to the General Fund. The Village’s Clerk-Treasurer should properly distribute interest to the appropriate funds monthly based on average cash fund balances of the funds required to receive interest.

The Village has posted the adjustments to their accounting records and the accompanying financial statements.

Officials’ Response:

This has been corrected. We are properly distributing the interest to the appropriate funds as stated in ORC Section 135.21. The Fire Fund money is now being posted to the General Fund.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC 5705.39 Appropriations exceeding estimated resources	No	Reissued as Finding 2006-001
2005-002	ORC 5705.41 (B) Expenditures Exceeding Appropriations	No	Reissued as Finding 2006-002
2005-003	Financial Statement Presentation – Posting of Receipts and Disbursements	No	Reissued as Finding 2006-003
2005-004	Posting of interest	No	Reissued as Finding 2006-2005
2005-005	Default on OWDA loan	Yes	Finding No Longer Valid



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 8, 2007**