



**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

SINGLE AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2011-2010



Dave Yost • Auditor of State

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

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

To the Village Council:

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 7, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Buckeye Lake, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position or cash flows, where applicable 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 as of December 31, 2011 and 2010 of the Village of Buckeye Lake, Licking County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Buckeye Lake adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2013, 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. The federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Dave Yost
Auditor of State

January 7, 2013

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 122,608	\$ 340,257	\$ -	\$ 462,865
Intergovernmental	27,248	173,861	-	201,109
Special Assessments	-	556	13,362	13,918
Charges for Services	17,892	-	-	17,892
Fines, Licenses and Permits	71,861	1,950	-	73,811
Earnings on Investments	13,841	6	-	13,847
Miscellaneous	9,019	11,680	-	20,699
<i>Total Cash Receipts</i>	<u>262,469</u>	<u>528,310</u>	<u>13,362</u>	<u>804,141</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	428,709	-	428,709
Public Health Services	8,553	-	-	8,553
Leisure Time Activities	3,247	2,398	-	5,645
Community Environment	33,833	3,800	-	37,633
Basic Utility Services	-	783	-	783
Transportation	1,496	173,574	-	175,070
General Government	118,096	1,269	-	119,365
Capital Outlay	-	8,015	17,358	25,373
Debt Service:				
Principal Retirement	-	42,613	-	42,613
Interest and Fiscal Charges	-	6,550	-	6,550
<i>Total Cash Disbursements</i>	<u>165,225</u>	<u>667,711</u>	<u>17,358</u>	<u>850,294</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>97,244</u>	<u>(139,401)</u>	<u>(3,996)</u>	<u>(46,153)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	2,660	-	2,660
Sale of Capital Assets	-	2,718	-	2,718
Transfers In	10,000	91,000	-	101,000
Transfers Out	(91,000)	-	-	(91,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(81,000)</u>	<u>96,378</u>	<u>-</u>	<u>15,378</u>
<i>Net Change in Fund Cash Balances</i>	16,244	(43,023)	(3,996)	(30,775)
<i>Fund Cash Balances, January 1</i>	<u>141,503</u>	<u>452,790</u>	<u>159,826</u>	<u>754,119</u>
Fund Cash Balances, December 31				
Restricted	-	342,924	-	342,924
Committed	-	2,431	-	2,431
Assigned	-	64,412	-	64,412
Unassigned (Deficit)	157,747	-	155,830	313,577
<i>Fund Cash Balances, December 31</i>	<u>\$ 157,747</u>	<u>\$ 409,767</u>	<u>\$ 155,830</u>	<u>\$ 723,344</u>

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 479,369	\$ -	\$ 479,369
<i>Total Operating Cash Receipts</i>	<u>479,369</u>	<u>-</u>	<u>479,369</u>
Operating Cash Disbursements			
Personal Services	47,532	-	47,532
Employee Fringe Benefits	5,143	-	5,143
Contractual Services	183,016	-	183,016
Supplies and Materials	17,541	-	17,541
<i>Total Operating Cash Disbursements</i>	<u>253,232</u>	<u>-</u>	<u>253,232</u>
<i>Operating Income</i>	<u>226,137</u>	<u>-</u>	<u>226,137</u>
Non-Operating Receipts (Disbursements)			
OWDA Loan Proceeds	62,400	-	62,400
Capital Outlay	(86,850)	-	(86,850)
Principal Retirement	(52,559)	-	(52,559)
Interest and Other Fiscal Charges	(1,292)	-	(1,292)
Other Financing Uses	(7,438)	-	(7,438)
Fees & Fines Collected	-	38,953	38,953
Fees & Fines Disbursed	-	(27,990)	(27,990)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(85,739)</u>	<u>10,963</u>	<u>(74,776)</u>
<i>Income before Transfers</i>	140,398	10,963	151,361
Transfers Out	(10,000)	-	(10,000)
<i>Net Change in Fund Cash Balances</i>	130,398	10,963	141,361
<i>Fund Cash Balances, January 1</i>	<u>291,542</u>	<u>3,583</u>	<u>295,125</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 421,940</u>	<u>\$ 14,546</u>	<u>\$ 436,486</u>

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 118,529	\$ 345,164	\$ -	\$ 463,693
Intergovernmental	44,269	995,685	-	1,039,954
Special Assessments	-	-	156,379	156,379
Charges for Services	18,559	-	-	18,559
Fines, Licenses and Permits	75,819	2,678	-	78,497
Earnings on Investments	4,143	1,486	-	5,629
Miscellaneous	1,832	18,971	-	20,803
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	263,151	1,363,984	156,379	1,783,514
Cash Disbursements:				
Current:				
Security of Persons and Property	604	490,495	-	491,099
Public Health Services	9,962	-	-	9,962
Leisure Time Activities	1,715	1,420	-	3,135
Community Environment	29,686	1,456	-	31,142
Basic Utility Service	-	3,190	-	3,190
Transportation	4,751	621,630	-	626,381
General Government	127,132	1,902	1,248	130,282
Debt Service:				
Redemption of Principal	-	41,932	-	41,932
Interest and Fiscal Charges	-	6,926	-	6,926
Capital Outlay	-	335,340	96,256	431,596
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Total Cash Disbursements	173,850	1,504,291	97,504	1,775,645
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	89,301	(140,307)	58,875	7,869
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Other Debt Proceeds	-	1,911	-	1,911
Sale of Fixed Assets	268	10,275	-	10,543
Transfers-In	143,480	146,611	-	290,091
Transfers-Out	(167,760)	(38,851)	(219,164)	(425,775)
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Total Other Financing Receipts / (Disbursements)	(24,012)	119,946	(219,164)	(123,230)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	65,289	(20,361)	(160,289)	(115,361)
Fund Cash Balances, January 1	76,214	473,151	320,115	869,480
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Fund Cash Balances, December 31	\$ 141,503	\$ 452,790	\$ 159,826	\$ 754,119

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 168,058	\$ -	\$ 168,058
Miscellaneous	5,550	-	5,550
Total Operating Cash Receipts	<u>173,608</u>	<u>-</u>	<u>173,608</u>
Operating Cash Disbursements:			
Personal Services	23,337	-	23,337
Employee Fringe Benefits	2,414	-	2,414
Contractual Services	322,599	-	322,599
Supplies and Materials	22,323	-	22,323
Total Operating Cash Disbursements	<u>370,673</u>	<u>-</u>	<u>370,673</u>
Operating Loss	<u>(197,065)</u>	<u>-</u>	<u>(197,065)</u>
Non-Operating Cash Receipts:			
Intergovernmental	680,955	-	680,955
Earnings on Investments	89	-	89
OWDA Loan Proceeds	270,434	-	270,434
Other Debt Proceeds	21,174	-	21,174
Miscellaneous	26,866	-	26,866
Fees & Fines Collected	-	36,123	36,123
Total Non-Operating Cash Receipts	<u>999,518</u>	<u>36,123</u>	<u>1,035,641</u>
Non-Operating Cash Disbursements:			
Capital Outlay	783,817	-	783,817
Redemption of Principal	3,852	-	3,852
Interest and Other Fiscal Charges	500	-	500
Fees & Fines Disbursed	-	35,514	35,514
Total Non-Operating Cash Disbursements	<u>788,169</u>	<u>35,514</u>	<u>823,683</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	14,284	609	14,893
Transfers-In	283,664	-	283,664
Transfers-Out	<u>(147,980)</u>	<u>-</u>	<u>(147,980)</u>
Net Receipts Over Disbursements	149,968	609	150,577
Fund Cash Balances, January 1	<u>141,574</u>	<u>2,974</u>	<u>144,548</u>
Fund Cash Balances, December 31	<u>\$ 291,542</u>	<u>\$ 3,583</u>	<u>\$ 295,125</u>

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposits at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

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

3. Capital Project Funds

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

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

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

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

5. Fiduciary Funds (Agency Fund)

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for:

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. Accumulated Leave

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

2. Change in Accounting Principle

For fiscal year 2011, the Village adopted Governmental Accounting Standard Board (GASB) Statement No. 54. The implementation of this statement had no effect on the Village's financial statements.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Equity in Pooled Deposits

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

	2011	2010
Demand deposits	\$ 1,102,559	\$ 991,956
Certificates of deposit	57,271	57,288
Total deposits	\$ 1,159,830	\$ 1,049,244

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

4. Budgetary Activity

Budgetary activity for the years ending 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 220,660	\$ 272,469	\$ 51,809
Special Revenue	623,339	624,688	1,349
Capital Projects	-	13,362	13,362
Enterprise	412,400	541,769	129,369
Total	\$ 1,256,399	\$ 1,452,288	\$ 195,889

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 274,992	\$ 257,500	\$ 17,492
Special Revenue	2,512,781	674,951	1,837,830
Capital Projects	90,000	17,358	72,642
Enterprise	598,776	412,425	186,351
Total	\$ 3,476,549	\$ 1,362,234	\$ 2,114,315

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 219,287	\$ 406,899	\$ 187,612
Special Revenue	891,571	1,522,781	631,210
Capital Projects	160,000	156,379	(3,621)
Enterprise	1,629,623	1,456,790	(172,833)
Total	\$ 2,900,481	\$ 3,542,849	\$ 642,368

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 382,408	\$ 341,610	\$ 40,798
Special Revenue	2,512,781	1,543,142	969,639
Capital Projects	352,353	316,668	35,685
Enterprise	1,536,569	1,306,822	229,747
Total	\$ 4,784,111	\$ 3,508,242	\$ 1,275,869

Contrary to Ohio law, appropriations exceeded estimated resources for the year ended December 31, 2011 in the Police Levy fund by \$22,859, the Police Building fund by \$98, the Police Forfeiture fund by \$419, and the Enterprise Improvement fund by \$59,267.

Also, contrary to Ohio law, appropriations exceeded estimated resources for the year ended December 31, 2010 in the General fund by \$86,907, the Street Construction fund by \$166,868, the Parks & Recreation fund by \$4,651, the Permissive MVL fund by \$406,607 and the Police Building fund by \$80.

5. Property Tax

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #5142	\$618,030	0%
Ohio Water Development Authority Loan #4928	\$295,516	0%
Ohio Water Development Authority Loan #5149	\$113,057	1%
Ohio Public Works Commission Loan #CQ04J	\$19,931	0%
Ohio Public Works Commission Loan #CQ36N	\$4,267	0%
Ohio Public Works Commission Loan #CT98M	\$153,827	0%
Ohio Public Works Commission Loan #CQ28O	\$119,610	0%
Water Truck	\$17,106	5%
Dump Truck/Tractor	\$13,686	5%
Ambulance	63,468	4%
Total	<u>\$1,418,498</u>	

The Ohio Water Development Authority (OWDA) loan #5142 was awarded for the Drinking Water Assistance Fund of the water project the Ohio Environmental Protection Agency mandated. The loan has an interest rate of 0% and will be repaid in semi-annual installments of \$16,460 for 20 years beginning July 2011. The Village has financed \$658,412 for this project.

The Ohio Water Development Authority (OWDA) loan #4928 was awarded for the capacity fee to Millersport of the water project the Ohio Environmental Protection Agency mandated. As of December 31, 2011, these loans were still open and amortization schedules will be unavailable until the Village makes its last draw on the loans. The Village has been approved for an amount up to \$306,000 for this project.

The Ohio Water Development Authority (OWDA) loan #5149 was awarded for Community Assistance of the water project the Ohio Environmental Protection Agency mandated. The loan has an interest rate of 1% and payments will be for 30 years and begin in 2011.

The Ohio Public Works Commission (OPWC) loan #CQ04J was awarded for the storm-water system on July 1, 2006 in the amount of \$26,574. The loan will be repaid in annual installments of \$1,329 over 18 years. The Ohio Public Works Commission loan #CT98M of \$156,434, was awarded for water distribution. The loan has a 0% interest rate and will be repaid in semi-annual installments of \$2,607.

The Ohio Public Works Commission (OPWC) loan #CQ36N was awarded for road resurfacing in 2010 in the amount of \$4,571 due to the storm-water system project. The loan is interest free and will be repaid in semi-annual installments of \$305 over 15 years.

The Ohio Public Works Commission (OPWC) loan #CQ28O was awarded for storm sewer replacement in 2011 in the amount of \$119,610 due to the storm-water system project. The loan is interest free and will be repaid in semi-annual installments of \$3,987 over 30 years.

The Water Truck bonds were issued in 2010 for the purchase of a water truck, with an interest rate of 4.58%. The bonds will be paid off in five years.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Debt (Continued)

The Dump Truck/Tractor loan relates to the purchase of a Dump Truck and a Tractor for the Village. The loan will be repaid to Park National Bank in annual installments of \$14,323 and will be paid off in 2012.

The Ambulance loan relates to the purchase of an ambulance for the Village. The loan will be repaid to Park National Bank in annual installments of \$33,196 and will be paid off in 2013.

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

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

Year ending December 31:	OWDA Loan 5142	OPWC Loan CQ04J	Dump Truck/Tractor	Ambulance	Water Truck Bonds
2012	\$32,920	\$1,329	\$14,323	\$33,196	\$4,785
2013	32,920	1,329	0	33,196	4,785
2014	32,920	1,329	0	0	4,785
2015	32,920	1,329	0	0	4,785
2016	32,920	1,329	0	0	0
2017-2021	164,600	6,645	0	0	0
2022-2026	164,600	6,645	0	0	0
2027-2031	124,230	0	0	0	0
2032-2036	0	0	0	0	0
2037-2041	0	0	0	0	0
Total	<u>\$618,030</u>	<u>\$19,935</u>	<u>\$14,323</u>	<u>\$66,392</u>	<u>\$19,140</u>

Year ending December 31:	OWDA Loan 5149	OPWC Loan CT98M	OPWC Loan CQ36N	OPWC Loan CQ28O	Total
2012	\$4,451	\$5,214	\$305	\$3,987	\$100,510
2013	4,451	5,214	305	3,987	86,187
2014	4,451	5,214	305	3,987	52,991
2015	4,451	5,214	305	3,987	52,991
2016	4,451	5,214	305	3,987	48,206
2017-2021	22,255	26,072	1,524	19,935	241,031
2022-2026	22,255	26,072	1,219	19,935	240,726
2027-2031	22,255	26,072	0	19,935	192,492
2032-2036	22,255	26,072	0	19,935	68,262
2037-2041	22,255	23,465	0	19,935	65,655
Total	<u>\$133,530</u>	<u>\$153,823</u>	<u>\$4,268</u>	<u>\$119,610</u>	<u>\$1,149,051</u>

Note: The amortization schedule for OWDA Loan 4928 had not been finalized as of the date of this report.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	(\$14,187,273)	(\$14,320,812)
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. Risk Management (Continued)

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Village's share of these unpaid claims collectible in future years is approximately \$12,180.

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	
2011	2010
\$23,293	\$19,436

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP.

9. Subsequent Events

In February 2012, the Village issued \$120,000 of bonds for acquiring a Ford F-150 mini excavator, a vacuum excavator and for the refunding of the 2010 Water Truck Bonds.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT <i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant / State's Program	C-W-08-356-1	14.228	<u>\$ 600,000</u>
Total U.S. Department of Housing and Urban Development			<u>600,000</u>
Total Federal Awards Expenditures			<u>\$ 600,000</u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Village of Buckeye Lake's (the Village's) federal award program disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of Buckeye Lake, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated January 7, 2013, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. In addition, we noted the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. We also noted 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(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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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 2011-003 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-001 and 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated January 7, 2013.

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 finance committee, the Village Council and the federal awarding agency and pass-through entity, and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

January 7, 2013



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Council:

Compliance

We have audited the compliance of the Village of Buckeye Lake, Licking County, Ohio, (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village of Buckeye Lake's major federal program for the year ended December 31, 2010. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Village's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with these requirements.

In our opinion, the Village of Buckeye Lake complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-004.

Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Village's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Village Council, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

January 7, 2013

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Dual Opinion – Unqualified for financial statements presented
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Program:	Community Development Block Grant CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS (CONTINUED)
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011 AND 2010
(Continued)**

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

Finding Number 2011-001

Noncompliance - Certification of Funds

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

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

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.

2. Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
3. Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 48% of expenditures tested. For these items, the Village also did not prepare blanket certificates, super blanket certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011 AND 2010
(Continued)**

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

Finding Number 2011-001 (Continued)

Noncompliance - Certification of Funds (Continued)

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce the available appropriations.

Official's Response:

At no time was the village in any danger of overspending or creating a negative cash fund balance. Currently the General Fund and Water Operating Fund have positive cash flow and stronger than any time in the last two and half years. The Fiscal Officer will comply with the recommendation.

Finding Number 2011-002

Noncompliance - Appropriations Exceeding Estimated Resources

Ohio Rev. Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations were in excess of estimated resources as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
At 12/31/10:			
General	\$295,501	\$382,408	(\$86,907)
Street Construction	270,867	437,735	(166,868)
Parks & Recreation	330	4,981	(4,651)
Permissive MVL	140,311	546,918	(406,607)
Police Building	500	580	(80)

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
At 12/31/11:			
Police Levy	\$187,132	\$209,991	(\$22,859)
Police Building	500	598	(98)
Police Forfeiture	233	652	(419)
Enterprise Improvement	10,033	69,300	(59,267)

This could result in the Village expending more money than it receives and could cause possible negative fund balances.

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011 AND 2010
(Continued)

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

Finding Number 2011-002 (Continued)

Noncompliance - Appropriations Exceeding Estimated Resources (Continued)

We recommend Council review the Official Amended Certificate of Estimated Resources when passing permanent appropriations or amending appropriations to ensure such appropriations do not exceed certified resources for each fund. Also, Council should not authorize appropriations in excess of the certificate of estimated resources.

Official's Response:

Our budgeting process in the fall of 2012 is better than in the past. We concur with the recommendation.

Finding Number 2011-003

Material Weakness - Financial Statement Presentation

A monitoring system by the Fiscal Officer and Village Council should be in place to prevent or detect material misstatements for the accurate presentation to the Village's financial statements.

For the years ended December 31, 2010 and 2011, the Fiscal Officer did not always accurately post receipts and disbursements to the Village's accounting system. The following posting errors were noted:

FY 2010:

- In the General Fund, the Village posted \$13,750 of Licenses, Permits, and Fees as Miscellaneous. The Village also incorrectly posted \$5,550 of water reimbursements in this fund rather than the Water Operating Fund,
- In the Special Revenue Funds, the Village did not record \$95,653 of OPWC loan proceeds,
- In the Enterprise Funds, the Village incorrectly classified \$119,630 in OWDA debt proceeds as Intergovernmental, \$285,146 in Capital Outlay expenditures as Transfers-Out, and did not record \$194,064 in CDBG funds, \$36,804 in an OPWC loan, and \$21,174 in a truck loan, and
- In the Agency Fund, the Village incorrectly posted \$36,123 and \$35,514 as operating receipts and disbursements, respectively, instead of non-operating receipts and disbursements, respectively.

FY 2011:

- In the General Fund, the Village posted \$17,500 of Licenses, Permits, and Fees and \$12,023 of Interest as Miscellaneous,
- In the Special Revenue Funds, the Village incorrectly classified \$64,412 as nonspendable fund balance,
- In the Enterprise Funds, the Village did not record \$62,400 in OWDA debt proceeds, and
- In the Agency Fund, the Village incorrectly posted \$38,953 and \$27,990 as operating receipts and disbursements, respectively, instead of non-operating receipts and disbursements, respectively.

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 (CONTINUED)
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011 AND 2010
(Continued)

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

Finding Number 2011-003

Material Weakness - Financial Statement Presentation (Continued)

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

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

Official's Response:

The IRS has been sending refunds that are incorrect. The money is receipted in a separate line item and appropriated in a specific line item so it can be repaid when the IRS discovers the error. Council needs to know that money cannot be used for daily operations. Game of Skill money was also placed in a separate receipt line item. Not knowing if Casino laws will eliminate the resources, it is unwise to build budgets on this money.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2011-004
CFDA Title and Number	Community Development Block Grant CFDA #14.228
Federal Award Number / Year	C-W-08-356-1 / 2008
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance - Federal Single Audit

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section .200(b) provides that a non-federal entity that expends \$500,000 or more in a year in federal awards shall have a single audit conducted as discussed in the Circular. Section .105 defines such entities as "auditees". Section .300(a) states, an auditee shall "Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal programs and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal agency, and name of the pass-through entity."

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011 AND 2010
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Finding Number	2011-004 (Continued)
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Section .300(e) further states, an auditee shall “Ensure that the audits required by this part are properly performed and submitted when due.” Section .320(a) provides that single audits shall be completed and a reporting package submitted to the federal clearinghouse designated by OMB, within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The Village expended in excess of \$500,000 in federal awards during the fiscal year ended December 31, 2010, however, it did not ensure that a single audit was conducted within the time period specified by OMB Circular A-133 Section .320(a). Further, no extension was granted; and therefore, the Village failed to meet the filing deadline.

We recommend the Village develop procedures to ensure that a single audit is conducted for any fiscal year in which the \$500,000 expenditure threshold is exceeded. We further recommend the Village develop procedures for timely submission of their A-133 reporting package.

Official’s Response/Corrective Action Plan:

We acknowledge that it is our responsibility to accurately determine the need for the single audit. Because of this, we have established procedures for the Village to 1) create a separate fund for future grants whose use is restricted to a particular purpose, 2) accurately code all revenue and all expenses associated with grants in that fund, and 3) scan the annual financial report of all federal expenses by January 31 each year to determine whether a single audit is required.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Material Weakness- Financial Statement Presentation	No	Repeated as Finding 2011-003
2009-002	Material Weakness – UAN System not agreeing to Council Approved Budgetary	Yes	
2009-003	Ohio Rev. Code 5705.41(B) – Expenditures Exceeding Appropriations	Yes	
2009-004	Ohio Rev. Code 5705.39 – Appropriations Exceeding Total Estimated Resources	No	Repeated as Finding 2011-002

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Dave Yost • 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
JANUARY 24, 2013