

VILLAGE OF BUCKEYE LAKE

AUDIT REPORT

JANUARY 1, 2012 - DECEMBER 31, 2013

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Buckeye Lake, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

May 19, 2014

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**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY
JANUARY 1, 2012 - DECEMBER 31, 2013**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Buckeye Lake, Licking County, as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Buckeye Lake as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Buckeye Lake, Licking County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 25, 2014, on our consideration of the Village of Buckeye Lake'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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 25, 2014

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 121,720	\$ 392,212	\$ -	\$ 513,932
Special Assessments	-	-	19,871	19,871
Intergovernmental Receipts	66,231	143,595	-	209,826
Charges for Services	18,699	-	-	18,699
Fines, Licenses, and Permits	116,928	9,074	-	126,002
Earnings on Investments	1,294	4	-	1,298
Miscellaneous	29,486	9,711	-	39,197
Total Cash Receipts	354,358	554,596	19,871	928,825
Cash Disbursements				
Current:				
Security of Persons and Property	-	511,329	-	511,329
Public Health Services	9,446	-	-	9,446
Leisure Time Activities	3,666	132	-	3,798
Community Environment	63,395	468	-	63,863
Basic Utility Services	-	1,021	-	1,021
Transportation	13,977	158,702	-	172,679
General Government	161,278	1,903	-	163,181
Debt Service	-			
Principal	-	32,869	-	32,869
Interest	-	1,758	-	1,758
Capital Outlay	34,671	3,020	1,570	39,261
Total Cash Disbursements	286,433	711,202	1,570	999,205
Total Receipts Over/(Under) Disbursements	67,925	(156,606)	18,301	(70,380)
Other Financing Receipts/(Disbursements)				
Transfers - In	-	116,500	-	116,500
Transfers - Out	(116,500)	-	-	(116,500)
Total Other Financing Receipts/(Disbursements)	(116,500)	116,500	-	-
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(48,575)	(40,106)	18,301	(70,380)
Fund Cash Balances, January 1, 2013	124,080	346,466	160,238	630,784
Fund Cash Balances, December 31, 2013				
Nonspendable	-	-	-	-
Assigned	742	4,055	-	4,797
Restricted	-	302,305	160,238	462,543
Committed	-	-	-	-
Unassigned (Deficit)	74,763	-	-	74,763
Fund Cash Balances, December 31, 2013	\$ 75,505	\$ 306,360	\$ 178,539	\$ 560,404

See notes to financial statements.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 508,069	\$ -	\$ 508,069
Total Operating Cash Receipts	<u>508,069</u>	<u>-</u>	<u>508,069</u>
Operating Cash Disbursements:			
Personal Services	67,856	-	67,856
Fringe Benefits	27,744	-	27,744
Contractual Services	203,158	-	203,158
Supplies and Materials	18,832	-	18,832
Other	-	-	-
Total Operating Cash Disbursements	<u>317,590</u>	<u>-</u>	<u>317,590</u>
Operating Income/(Loss)	<u>190,479</u>	<u>-</u>	<u>190,479</u>
Non-Operating Cash Receipts:			
Miscellaneous	3,807	-	3,807
Fines and Fees Collected	-	114,807	114,807
Total Non-Operating Cash Receipts	<u>3,807</u>	<u>114,807</u>	<u>118,614</u>
Non-Operating Cash Disbursements:			
Fines and Fees Disbursed	-	118,543	118,543
Capital Outlay	5,072	-	5,072
Debt Service-Principal	50,814	-	50,814
Debt Service-Interest	1,191	-	1,191
Total Non-Operating Cash Disbursements	<u>57,077</u>	<u>118,543</u>	<u>175,620</u>
Net Receipts Over/(Under) Disbursements	<u>137,209</u>	<u>(3,736)</u>	<u>133,473</u>
Fund Cash Balances, January 1	<u>590,795</u>	<u>7,724</u>	<u>598,519</u>
Fund Cash Balances, December 31	<u>\$ 728,004</u>	<u>\$ 3,988</u>	<u>\$ 731,992</u>
Reserve for Encumbrances, December 31	<u>\$ 11,610</u>	<u>\$ -</u>	<u>\$ 11,610</u>

See notes to financial statements.

VILLAGE OF BUCKEYE LAKE
LICKING COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 119,667	\$ 376,642	\$ -	\$ 496,309
Special Assessments	-	-	4,793	4,793
Intergovernmental Receipts	41,391	210,256	-	251,647
Charges for Services	17,951	-	-	17,951
Fines, Licenses, and Permits	104,777	7,725	-	112,502
Earnings on Investments	1,534	4	-	1,538
Miscellaneous	39,007	8,633	-	47,640
Total Cash Receipts	324,327	603,260	4,793	932,380
Cash Disbursements				
Current:				
Security of Persons and Property	549	473,633	-	474,182
Public Health Services	9,566	-	-	9,566
Leisure Time Activities	3,646	277	-	3,923
Community Environment	45,266	19	-	45,285
Basic Utility Services	-	899	-	899
Transportation	-	282,705	-	282,705
General Government	148,967	1,778	-	150,745
Debt Service	-	-	-	-
Principal	-	44,285	-	44,285
Interest	-	7,841	-	7,841
Capital Outlay	-	5,124	385	5,509
Total Cash Disbursements	207,994	816,561	385	1,024,940
Total Receipts Over/(Under) Disbursements	116,333	(213,301)	4,408	(92,560)
Other Financing Receipts/(Disbursements)				
Transfers - In	-	150,000	-	150,000
Transfers - Out	(150,000)	-	-	(150,000)
Total Other Financing Receipts/(Disbursements)	(150,000)	150,000	-	-
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(33,667)	(63,301)	4,408	(92,560)
Fund Cash Balances, January 1, 2012	157,747	409,767	155,830	723,344
Fund Cash Balances, December 31, 2012				
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Restricted	-	200,160	160,238	360,398
Committed	-	146,306	-	146,306
Unassigned (Deficit)	124,080	-	-	124,080
Fund Cash Balances, December 31, 2012	\$ 124,080	\$ 346,466	\$ 160,238	\$ 630,784

See notes to financial statements.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 495,949	\$ -	\$ 495,949
Total Operating Cash Receipts	<u>495,949</u>	<u>-</u>	<u>495,949</u>
Operating Cash Disbursements:			
Personal Services	60,202	-	60,202
Fringe Benefits	8,206	-	8,206
Contractual Services	178,317	-	178,317
Supplies and Materials	127,111	-	127,111
Other	230	-	230
Total Operating Cash Disbursements	<u>374,066</u>	<u>-</u>	<u>374,066</u>
Operating Income/(Loss)	<u>121,883</u>	<u>-</u>	<u>121,883</u>
Non-Operating Cash Receipts:			
Bond Proceeds	120,000	-	120,000
Miscellaneous	3,771	-	3,771
Fines and Fees Collected	-	97,193	97,193
Total Non-Operating Cash Receipts	<u>123,771</u>	<u>97,193</u>	<u>220,964</u>
Non-Operating Cash Disbursements:			
Fines and Fees Disbursed	-	104,015	104,015
Capital Outlay	8,672	-	8,672
Debt Service-Principal	67,560	-	67,560
Debt Service-Interest	567	-	567
Total Non-Operating Cash Disbursements	<u>76,799</u>	<u>104,015</u>	<u>180,814</u>
Net Receipts Over/(Under) Disbursements	<u>168,855</u>	<u>(6,822)</u>	<u>162,033</u>
Fund Cash Balances, January 1	<u>421,940</u>	<u>14,546</u>	<u>436,486</u>
Fund Cash Balances, December 31	<u>\$ 590,795</u>	<u>\$ 7,724</u>	<u>\$ 598,519</u>

See notes to financial statements.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

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, Ohio (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 Village's Fiscal Officer.

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

B. Basis of Accounting

These financial statements follow the 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 prescribed or permitted by the Auditor of State.

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:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than form trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Funds.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

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.

Capital Projects Funds

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

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

Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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

Fiduciary Funds

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 had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that the Village budget annually.

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. 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.

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.

Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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:

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

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.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless 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.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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 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 ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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

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

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. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2013</u>	<u>2012</u>
Demand Deposits	\$ 1,235,024	\$ 1,172,032
Certificates of Deposit	57,372	57,271
Total Deposits	<u>\$ 1,292,396</u>	<u>\$ 1,229,303</u>

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

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2013 and 2012 is as follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 531,884	\$ 354,358	\$ (177,526)
Special Revenue	1,012,717	671,096	(341,621)
Capital Projects	29,232	19,871	(9,361)
Enterprise	470,687	511,876	41,189
Total	<u>\$ 2,044,520</u>	<u>\$ 1,557,201</u>	<u>\$ (487,319)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 383,316	\$ 402,933	\$ (19,617)
Special Revenue	936,402	711,202	225,200
Capital Project	-	1,570	(1,570)
Enterprise	604,395	386,277	218,118
Total	<u>\$ 1,924,113</u>	<u>\$ 1,501,982</u>	<u>\$ 422,131</u>

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 381,377	324,327	\$ (57,050)
Special Revenue	902,430	753,260	(149,170)
Capital Projects	13,362	4,793	(8,569)
Enterprise	468,468	619,720	151,252
Total	<u>\$ 1,765,637</u>	<u>\$ 1,702,100</u>	<u>\$ (63,537)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 326,941	\$ 357,994	\$ (31,053)
Special Revenue	731,244	816,561	(85,317)
Capital Projects	-	385	(385)
Enterprise	713,200	450,865	262,335
Total	<u>\$ 1,771,385</u>	<u>\$ 1,625,805</u>	<u>\$ 145,580</u>

Contrary to ORC 5705.39, the Village has funds where appropriations are greater than estimated resources.

Contrary to ORC 5705.41(B), the Village had funds where expenditures exceed appropriation authority.

Contrary to ORC 5705.41(D), the Village had purchases made prior to commitment of funds.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

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

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	2013	
	<u>Principal</u>	<u>%</u>
Ohio Water Development Authority Loan #5142	\$ 576,111	0.0
Ohio Water Development Authority Loan #4928	280,109	0.0
Ohio Water Development Authority Loan #5149	106,776	1.0
Ohio Public Works Commission Loan CQ04J	17,937	0.0
Ohio Public Works Commission Loan CQ36N	3,809	0.0
Ohio Public Works Commission Loan CT98M	146,006	0.0
Ohio Public Works Commission Loan CQ28O	115,622	0.0
2012 Road Equipment and Refunding Bonds	96,600	3.8
Total	<u>\$ 1,342,970</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, 2013, 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) #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 \$1,330 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 repaid in semi-annual installments of \$2,607.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

5. DEBT (Continued)

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 2012 Road Equipment and Refunding Bonds were issued on March 12, 2012 for the purchase of a Ford F-150 Truck, Mini Excavator, Vacuum Excavator and refunded the Village's Truck Bonds dated June 18, 2010. The bonds were issued at 3.82% interest with an annual payment of \$26,860.23 each March until 2017.

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

Year Ending December 31	OWDA #5142	OWDA #5149	2012 Bonds
2014	\$ 32,920	\$ 4,451	\$ 26,860
2015	32,920	4,451	26,860
2016	32,920	4,451	26,860
2017	32,920	4,451	26,860
2018	32,920	4,451	-
2019-2023	164,600	22,255	-
2024-2028	164,600	22,255	-
2029-2033	82,311	22,255	-
2034-2039	-	22,255	-
2040-2044	-	11,127	-
	<u>\$ 576,111</u>	<u>\$ 122,402</u>	<u>\$ 201,049</u>

Year Ending December 31	OPWC #CQ04J	OPWC #CQ28O	OPWC Bonds	OPWC #CT98M
2014	\$ 1,330	\$ 3,988	\$ 304	\$ 5,214
2015	1,330	3,988	304	5,214
2016	1,330	3,988	304	5,214
2017	1,330	3,988	304	5,214
2018	1,330	3,988	304	5,214
2019-2023	6,650	19,940	1,520	26,070
2024-2028	4,637	19,940	769	26,070
2029-2033	-	19,940	-	26,070
2034-2039	-	19,940	-	26,070
2040-2044	-	15,922	-	15,656
	<u>\$ 17,937</u>	<u>\$ 115,622</u>	<u>\$ 3,809</u>	<u>\$ 146,006</u>

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2013 and 2012, members of OP&F contributed 10.75% (prior to July 1, 2013 it was 10%) of their wages to OP&F. The Village contributed an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters wages, respectively. PERS members contributed 10.0% of their gross salaries for 2013 and 2012, respectively. The Village contributed an amount equal to 14.0% of participant's gross salaries for 2013 and 2012, respectively. The Village has paid all contributions required through December 31, 2013.

7. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), 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, 2012, 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 government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available).

	2012	2011
Assets	\$ 34,389,569	\$ 33,362,404
Liabilities	(14,208,353)	(14,187,273)
Retained Earnings	\$ 20,181,216	\$ 19,175,131

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

7. RISK MANAGEMENT (Continued)

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and 13.0 million of estimated claims payable. The assets above also include approximately \$12.6 million and 12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Village's share of these unpaid claims is approximately \$21,019.

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	
2013	2012
\$ 24,441	\$ 24,120

After one year of membership, a member may withdraw on the anniversary 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. 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 withdrawal.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

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

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Buckeye Lake as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated March 25, 2014, 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.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Buckeye Lake's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2013-03 and 2013-04 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Buckeye Lake'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, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed three 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 2013-01, 2013-02 and 2013-03.

We noted certain matters not requiring inclusion in this report that we have reported to the management of Village of Buckeye Lake in a separate letter dated March 25, 2014.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 25, 2014

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-01

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority 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.

- 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 30 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.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- 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 reasonable 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.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-01 (Continued)

The Village did not certify the availability of funds prior to the purchase commitment for 54% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets 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.

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 available appropriations.

Client Response: We agree with finding and have started using blanket certificates, along with “Then and Now” certificates in 2014 that comply with 5705.41(D).

FINDING NUMBER 2013-02

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Revised 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 measurer 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.

Fund	Year	Estimated Resources	Appropriations	Variance
Street	2013	\$ 115,061	\$ 157,093	\$ (42,032)
State Highway	2013	50,771	56,245	(5,474)
Permissive Tax	2013	42,468	111,367	(68,899)
Police Forfeiture	2013	500	672	(172)
State Grants	2012	2,075	2,400	(425)
Police Forfeiture	2012	233	672	(439)
Water Operating	2012	431,243	599,200	(167,957)

We recommend Council review estimated resources versus appropriations throughout the year. Also, Council should not approve appropriations greater than estimated resources. This could result in the Village spending more money than it receives and could cause possible negative fund balances.

Client Response: We concur with recommendation.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-03

Material Weakness – Noncompliance Expenditures exceeding Appropriations

Ohio Revised Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had the following funds which had expenditures greater than appropriation authority.

Fund	Year	Appropriation Authority	Expenditures	Variance
General Fund	2013	\$ 383,316	\$ 403,675	\$ (20,359)
Computer Fund	2013	4,755	5,207	(452)
Capital Pre-assessment	2013	-	1,569	(1,569)
General	2012	328,216	357,995	(29,779)
Street Fund	2012	122,580	123,120	(540)
State Highway	2012	39,325	46,063	(6,828)
Permissive	2012	74,283	132,451	(58,168)
Street Lighting	2012	26,000	29,348	(3,348)
Police Levy	2012	201,101	234,598	(33,497)
Capital Pre-assessment	2012	-	384	(384)
Water Improvement	2012	50,000	101,937	(51,937)

We recommend Council review expenditures versus appropriation authority throughout the year. Also, Council should not approve expenditures greater than appropriations. This could result in the Village spending more money than it receives and could cause possible negative fund balances.

Client Response: We will monitor expenditures throughout the year. We concur with recommendation.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-04

Material Weakness – Posting of Budget

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and disbursements.

The Village does enter budgetary data for estimated receipts and expenditures. However, the amounts entered do not agree with the Official Certificate of Estimated Resources or approved appropriations. This can lead to decisions being made on faulty budgetary data and can lead to overspending and creating a negative fund balance if not monitored.

We recommend that the Village post the approved appropriations and official certificate of estimated resources to the UAN system around the first of each year. Then any amendments to those official documents be posted to the system upon approval. This will lead to correct budgetary information and Village decisions can be made on accurate data.

Client Response: We will compare amounts on UAN to proper documents and then adjust so they agree, then post any amendments as needed.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-001	ORC 5705.41(D) Prior Certification	No	Not Corrected: Stated as Finding Number 2013-01 in current report
2011-002	ORC 5705.39 Appropriations greater than estimated resources	No	Not Corrected: Stated as Finding Number 2013-02 in current report
2011-003	Posting of receipts and disbursements	Yes	Finding No Longer Valid

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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
MAY 29, 2014**