

VILLAGE OF BUCKEYE LAKE

AUDIT REPORT

JANUARY 1, 2014 - DECEMBER 31, 2015

**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
5129 Walnut Rd
Buckeye Lake, OH 43008

We have reviewed the *Independent Auditor's Report* of the Village of Buckeye Lake, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2015. 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

June 10, 2016

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**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY
JANUARY 1, 2014 - DECEMBER 31, 2015**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2015	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types and Fiduciary Fund Types For the Year Ended December 31, 2015	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2014	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types and Fiduciary Fund Types For the Year Ended December 31, 2014	6
Notes to the Financial Statements	7-15
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	16
Schedule of Audit Findings	18
Schedule of Prior Audit Findings	20

**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 of the cash balances, receipts and disbursements by fund type and related notes of the Village of Buckeye Lake, Licking County, as of and for the years ended December 31, 2015 and 2014.

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 these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2015 and 2014, or changes in financial position or cash flows 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, 2015 and 2014, 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 31, 2016, 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 31, 2016

**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, 2015**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 147,612	\$ 346,873	\$ -	\$ 494,485
Special Assessments	19,982	-	2,910	22,892
Intergovernmental Receipts	55,713	240,790	-	296,503
Charges for Services	12,416	101,241	-	113,657
Fines, Licenses, and Permits	120,815	11,952	-	132,767
Earnings on Investments	2,022	-	-	2,022
Miscellaneous	24,024	6,555	-	30,579
Total Cash Receipts	<u>382,584</u>	<u>707,411</u>	<u>2,910</u>	<u>1,092,905</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	527,915	-	527,915
Public Health Services	1,056	-	-	1,056
Leisure Time Activities	3,666	17,487	-	21,153
Community Environment	18,482	295	-	18,777
Transportation	12,470	134,228	-	146,698
General Government	137,743	23,467	-	161,210
Debt Service	-	-	-	-
Principal	-	5,620	-	5,620
Capital Outlay	9,050	4,700	278	14,028
Total Cash Disbursements	<u>182,467</u>	<u>713,712</u>	<u>278</u>	<u>896,457</u>
Total Receipts Over/(Under) Disbursements	200,117	(6,301)	2,632	196,448
Other Financing Receipts/(Disbursements)				
Transfers - In	-	132,600	-	132,600
Other Financing Uses	(25,287)	(26,632)	-	(51,919)
Transfers - Out	(132,600)	-	-	(132,600)
Total Other Financing Receipts/(Disbursements)	<u>(157,887)</u>	<u>105,968</u>	<u>-</u>	<u>(51,919)</u>
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	42,230	99,667	2,632	144,529
Fund Cash Balances, January 1, 2015	<u>143,727</u>	<u>370,685</u>	<u>182,924</u>	<u>697,336</u>
Fund Cash Balances, December 31, 2015				
Assigned	76	25,084	-	25,160
Restricted	-	445,268	185,556	630,824
Unassigned (Deficit)	185,881	-	-	185,881
Fund Cash Balances, December 31, 2015	<u>\$ 185,957</u>	<u>\$ 470,352</u>	<u>\$ 185,556</u>	<u>\$ 841,865</u>

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, 2015**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 514,940	\$ -	\$ 514,940
Total Operating Cash Receipts	<u>514,940</u>	<u>-</u>	<u>514,940</u>
Operating Cash Disbursements:			
Personal Services	94,107	-	94,107
Fringe Benefits	47,883	-	47,883
Contractual Services	241,039	-	241,039
Supplies and Materials	29,570	-	29,570
Total Operating Cash Disbursements	<u>412,599</u>	<u>-</u>	<u>412,599</u>
Operating Income/(Loss)	<u>102,341</u>	<u>-</u>	<u>102,341</u>
Non-Operating Cash Receipts:			
Miscellaneous	1,934	-	1,934
Fines and Fees Collected	-	132,078	132,078
Total Non-Operating Cash Receipts	<u>1,934</u>	<u>132,078</u>	<u>134,012</u>
Non-Operating Cash Disbursements:			
Fines and Fees Disbursed	-	134,852	134,852
Capital Outlay	18,180	-	18,180
Debt Service-Principal	73,319	-	73,319
Debt Service-Interest	3,830	-	3,830
Total Non-Operating Cash Disbursements	<u>95,329</u>	<u>134,852</u>	<u>230,181</u>
Net Change in Fund Cash Balance	8,946	(2,774)	6,172
Fund Cash Balances, January 1	<u>724,301</u>	<u>11,672</u>	<u>735,973</u>
Fund Cash Balances, December 31	<u>\$ 733,247</u>	<u>\$ 8,898</u>	<u>\$ 742,145</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, 2014**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 118,794	\$ 360,539	\$ -	\$ 479,333
Special Assessments	1,766	-	4,768	6,534
Intergovernmental Receipts	86,784	177,880	-	264,664
Charges for Services	15,495	116,806	-	132,301
Fines, Licenses, and Permits	133,523	11,969	-	145,492
Earnings on Investments	1,115	57	-	1,172
Miscellaneous	44,619	10,627	-	55,246
Total Cash Receipts	<u>402,096</u>	<u>677,878</u>	<u>4,768</u>	<u>1,084,742</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	549,715	-	549,715
Public Health Services	5,185	-	-	5,185
Leisure Time Activities	3,339	-	-	3,339
Community Environment	13,684	1,760	-	15,444
Transportation	9,962	149,378	-	159,340
General Government	138,951	12,003	-	150,954
Debt Service	-	-	-	-
Principal	-	5,620	-	5,620
Capital Outlay	7,360	340	383	8,083
Total Cash Disbursements	<u>178,481</u>	<u>718,816</u>	<u>383</u>	<u>897,680</u>
Total Receipts Over/(Under) Disbursements	223,615	(40,938)	4,385	187,062
Other Financing Receipts/(Disbursements)				
Transfers - In	-	106,900	-	106,900
Other Financing Uses	(48,493)	(1,637)	-	(50,130)
Transfers - Out	(106,900)	-	-	(106,900)
Total Other Financing Receipts/(Disbursements)	<u>(155,393)</u>	<u>105,263</u>	<u>-</u>	<u>(50,130)</u>
Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	68,222	64,325	4,385	136,932
Fund Cash Balances, January 1, 2014	<u>75,505</u>	<u>306,360</u>	<u>178,539</u>	<u>560,404</u>
Fund Cash Balances, December 31, 2014				
Assigned	414	1,129	-	1,543
Restricted	-	369,556	182,924	552,480
Unassigned (Deficit)	143,313	-	-	143,313
Fund Cash Balances, December 31, 2014	<u>\$ 143,727</u>	<u>\$ 370,685</u>	<u>\$ 182,924</u>	<u>\$ 697,336</u>

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, 2014**

	<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	\$ 514,544	\$ -	\$ 514,544
Total Operating Cash Receipts	<u>514,544</u>	<u>-</u>	<u>514,544</u>
Operating Cash Disbursements:			
Personal Services	78,102	-	78,102
Fringe Benefits	42,474	-	42,474
Contractual Services	256,669	-	256,669
Supplies and Materials	29,343	-	29,343
Total Operating Cash Disbursements	<u>406,588</u>	<u>-</u>	<u>406,588</u>
Operating Income/(Loss)	<u>107,956</u>	<u>-</u>	<u>107,956</u>
Non-Operating Cash Receipts:			
Miscellaneous	1,479	-	1,479
Fines and Fees Collected	-	149,658	149,658
Total Non-Operating Cash Receipts	<u>1,479</u>	<u>149,658</u>	<u>151,137</u>
Non-Operating Cash Disbursements:			
Fines and Fees Disbursed	-	141,974	141,974
Capital Outlay	35,988	-	35,988
Debt Service-Principal	72,360	-	72,360
Debt Service-Interest	4,790	-	4,790
Total Non-Operating Cash Disbursements	<u>113,138</u>	<u>141,974</u>	<u>255,112</u>
Net Change in Fund Cash Balance	<u>(3,703)</u>	<u>7,684</u>	<u>3,981</u>
Fund Cash Balances, January 1	<u>728,004</u>	<u>3,988</u>	<u>731,992</u>
Fund Cash Balances, December 31	<u>\$ 724,301</u>	<u>\$ 11,672</u>	<u>\$ 735,973</u>

See notes to financial statements.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

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, 2015 and 2014**

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.

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, 2015 and 2014**

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 2015 and 2014 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, 2015 and 2014**

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:

	2015	2014
Demand Deposits	\$ 1,526,409	\$ 1,375,909
Certificates of Deposit	57,601	57,400
Total Deposits	\$ 1,584,010	\$ 1,433,309

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, 2015 and 2014**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2015 and 2014 is as follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 403,411	\$ 382,584	\$ (20,827)
Special Revenue	886,389	840,011	(46,378)
Capital Projects	2,910	2,910	-
Enterprise	509,711	516,874	7,163
Total	<u>\$ 1,802,421</u>	<u>\$ 1,742,379</u>	<u>\$ (60,042)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 226,653	\$ 340,430	\$ (113,777)
Special Revenue	990,203	765,428	224,775
Capital Project	180	278	(98)
Enterprise	599,150	507,928	91,222
Total	<u>\$ 1,816,186</u>	<u>\$ 1,614,064</u>	<u>\$ 202,122</u>

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 438,077	402,096	\$ (35,981)
Special Revenue	740,337	784,778	44,441
Capital Projects	4,768	4,768	-
Enterprise	591,643	516,023	(75,620)
Total	<u>\$ 1,774,825</u>	<u>\$ 1,707,665</u>	<u>\$ (67,160)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 268,732	\$ 334,288	\$ (65,556)
Special Revenue	890,145	721,582	168,563
Capital Projects	-	383	(383)
Enterprise	730,350	519,726	210,624
Total	<u>\$ 1,889,227</u>	<u>\$ 1,575,979</u>	<u>\$ 313,248</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, 2015 and 2014**

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, 2015 was as follows:

	2015 Principal	%
Ohio Water Development Authority Loan #5142	\$ 510,269	0.0
Ohio Water Development Authority Loan #4928	111,701	0.0
Ohio Water Development Authority Loan #5149	99,960	1.0
Ohio Public Works Commission Loan CQ04J	15,279	0.0
Ohio Public Works Commission Loan CQ36N	3,199	0.0
Ohio Public Works Commission Loan CT98M	135,578	0.0
Ohio Public Works Commission Loan CQ28O	107,648	0.0
2012 Road Equipment and Refunding Bonds	49,417	3.8
Total	\$ 1,033,051	

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. The Village has been approved for an amount up to \$306,000 for this project. During 2014, principal forgiven was \$153,000 which significantly reduced the amount owed.

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, 2015 and 2014**

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 4928	OWDA #5149	2012 Bonds
2016	\$ 32,920	\$ 7,704	\$ 4,451	\$ 26,860
2017	32,920	7,704	4,451	26,860
2018	32,920	7,704	4,451	-
2019	32,920	7,704	4,451	-
2020	32,920	7,704	4,451	-
2021-2025	164,600	38,520	22,255	-
2026-2030	164,600	34,661	22,255	-
2031-2035	16,469	-	22,255	-
2036-2040	-	-	22,255	-
2041-2045	-	-	2,225	-
	<u>\$ 510,269</u>	<u>\$ 111,701</u>	<u>\$ 113,500</u>	<u>\$ 53,740</u>

Year Ending December 31	OPWC #CQ04J	OPWC #CQ28O	OPWC CQ36N	OPWC #CT98M
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	1,330	3,988	304	5,214
2020	1,330	3,988	304	5,214
2021-2025	6,650	19,940	1,520	26,070
2026-2030	1,979	19,940	159	26,070
2031-2035	-	19,940	-	26,070
2036-2040	-	19,940	-	26,070
2041-2045	-	7,948	-	5,228
	<u>\$ 15,279</u>	<u>\$ 107,648</u>	<u>\$ 3,199</u>	<u>\$ 135,578</u>

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

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 Ohio Public Employees Retirement System (OPERS) of Ohio. 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2015 and 2014, members of OP&F contributed 10.75% from January 1, 2014 to June 30, 2014, they contributed 11.50% from July 1, 2014 through June 30, 2015 and contributed 12.25% from July 1, 2015 through December 31, 2015. For 2015 and 2014, the Village contributed an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters wages, respectively. For 2015 and 2014, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2015.

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. 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 of 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, 2015, PEP retained \$350,000 for casualty claims and \$100,000 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, 2014 and 2015 (the latest information available).

	2014	2015
Assets	\$ 35,402,177	\$ 38,307,677
Liabilities	(12,363,257)	(12,759,127)
Retained Earnings	\$ 23,038,920	\$ 25,548,550

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

7. RISK MANAGEMENT (Continued)

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and 11.5 million of estimated claims payable. The assets above also include approximately \$10.8 million and 11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims is approximately \$16,121.

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	
2014	2015
\$ 26,042	\$ 25,590

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, Licking County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated March 31, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered 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.

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.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider Finding 2015-003 to be a material weakness.

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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001 and 2015-002.

Entity's Response to Finding

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 31, 2016

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

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 measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

		Estimated			
Fund	Year	Resources		Appropriations	Variance
Street	2015	\$ 129,084		\$ 131,000	\$ (1,916)
State Highway	2015	11,335		28,700	(17,365)
Police Levy	2015	236,180		332,783	(96,603)
Street	2014	139,006		157,300	(18,294)
Permissive Tax	2014	41,394		51,350	(9,956)
Police Levy	2014	122,607		247,175	(124,568)
Police Forfeiture	2014	233		250	(17)

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 have not received a response from client.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-002

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	2015	\$ 226,653	\$ 340,430	\$ (113,777)
Capital Water	2015	180	278	(98)
General Fund	2014	268,732	334,288	(65,556)
Capital Water	2014	-	383	(383)

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

Client Response: We have not received a response from the client.

FINDING NUMBER 2015-003

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, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-01	ORC 5705.41(D) Prior Certification	No	Partially Corrected; Included in Management Letter
2013-02	ORC 5705.39 Appropriations greater than estimated resources	No	Not Corrected: Stated as Finding Number 2015-001 in current report
2013-03	ORC 5705.41(B) Expenditures greater than appropriations	No	Not Corrected: Stated as Finding Number 2015-002 in current report
2013-04	Posting of budget receipts and appropriations to UAN	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
JUNE 28, 2016