



**Auditor of State
Betty Montgomery**

VILLAGE OF LUCKEY
WOOD COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Luckey
Wood County
226 Main Street, P.O. Box 384
Luckey, Ohio 43443-0384

To the Village Council:

We have audited the accompanying financial statements of the Village of Luckey, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 23, 2003

**VILLAGE OF LUCKEY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$192,899	\$26,772			\$219,671
Special Assessments		11,058	\$60,008		71,066
Intergovernmental Receipts	22,904	36,391			59,295
Charges for Services	35,998		2,076		38,074
Fines, Licenses, and Permits	7,626				7,626
Earnings on Investments	4,116	1,409	945	\$1,071	7,541
Miscellaneous	14,742				14,742
	<u>278,285</u>	<u>75,630</u>	<u>63,029</u>	<u>1,071</u>	<u>418,015</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	41,472	36,060			77,532
Public Health Services	796				796
Leisure Time Activities	5,104	4,523			9,627
Community Environment	59,237				59,237
Basic Utility Services	41,522				41,522
Transportation		20,347			20,347
General Government	41,647				41,647
Debt Service:					
Principal Payments			25,445		25,445
Interest Payments			28,719		28,719
Capital Outlay				27,279	27,279
	<u>189,778</u>	<u>60,930</u>	<u>54,164</u>	<u>27,279</u>	<u>332,151</u>
Total Cash Disbursements	<u>189,778</u>	<u>60,930</u>	<u>54,164</u>	<u>27,279</u>	<u>332,151</u>
Total Receipts Over/(Under) Disbursements	<u>88,507</u>	<u>14,700</u>	<u>8,865</u>	<u>(26,208)</u>	<u>85,864</u>
Other Financing Receipts and (Disbursements):					
Transfers-In				36,461	36,461
Transfers-Out	(36,461)				(36,461)
	<u>(36,461)</u>			<u>36,461</u>	
Total Other Financing Receipts/(Disbursements)	<u>(36,461)</u>			<u>36,461</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	52,046	14,700	8,865	10,253	85,864
Fund Cash Balances, January 1	198,576	69,284	49,260	56,254	373,374
Fund Cash Balances, December 31	<u>\$250,622</u>	<u>\$83,984</u>	<u>\$58,125</u>	<u>\$66,507</u>	<u>\$459,238</u>

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$47,416
Miscellaneous	3,000
	50,416
Operating Cash Disbursements:	
Personal Services	13,389
Contractual Services	8,702
Supplies and Materials	10,353
Capital Outlay	15,178
	47,622
Operating Income	2,794
Non-Operating Cash Receipts:	
Intergovernmental Receipts	61
Interest	464
	525
Net Receipts Over Disbursements	3,319
Fund Cash Balances, January 1	25,899
Fund Cash Balances, December 31	\$29,218

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$178,997	\$26,038			\$205,035
Special Assessments		12,107			12,107
Intergovernmental Receipts	44,659	54,389			99,048
Charges for Services	38,378		\$60,025		98,403
Fines, Licenses, and Permits	4,861		1,755		6,616
Earnings on Investments	4,724	1,712	1,142	\$1,305	8,883
Miscellaneous	8,370				8,370
Total Cash Receipts	279,989	94,246	62,922	1,305	438,462
Cash Disbursements:					
Current:					
Security of Persons and Property	34,396	39,055			73,451
Public Health Services	646				646
Leisure Time Activities	6,355				6,355
Community Environment	70,341				70,341
Basic Utility Services	40,436				40,436
Transportation		19,344			19,344
General Government	61,318				61,318
Debt Service:					
Principal Payments				9,538	9,538
Interest Payments				1,822	1,822
Capital Outlay			54,162	4,290	58,452
Total Cash Disbursements	213,492	58,399	54,162	15,650	341,703
Total Receipts Over/(Under) Disbursements	66,497	35,847	8,760	(14,345)	96,759
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	20,875				20,875
Transfers-In				30,985	30,985
Advances-In	26,250				26,250
Transfers-Out	(30,985)				(30,985)
Advances-Out		(26,250)			(26,250)
Other Sources	2,859				2,859
Other Uses	(95)				(95)
Total Other Financing Receipts/(Disbursements)	18,904	(26,250)		30,985	23,639
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	85,401	9,597	8,760	16,640	120,398
Fund Cash Balances, January 1	113,175	59,687	40,500	39,614	252,976
Fund Cash Balances, December 31	\$198,576	\$69,284	\$49,260	\$56,254	\$373,374

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$32,949
Miscellaneous	896
Total Operating Cash Receipts	33,845
Operating Cash Disbursements:	
Personal Services	23,571
Contractual Services	6,842
Supplies and Materials	12,715
Total Operating Cash Disbursements	43,128
Operating Loss	(9,283)
Non-Operating Cash Receipts:	
Interest	597
Total Non-Operating Cash Receipts	597
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	100
Total Non-Operating Cash Disbursements	100
Net Disbursements Over Receipts	(8,786)
Fund Cash Balances, January 1	34,685
Fund Cash Balances, December 31	\$25,899

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Luckey, Wood County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides sewer utility, park operations, and police services.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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. Cash

Certificates of deposit are valued at cost

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

Police Fund – This fund receives real estate and personal property taxes to provide police services for the Village.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Park Fund -This fund receives grants and donations to be used for the maintenance and improvement of the Village park.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds

Debt Retirement Fund – This fund receives proceeds from user fees for the sewer to repay the OWDA loan.

4. Capital Project 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 project funds:

Capital Projects Fund - This fund receives transfers from the General Fund for capital improvements.

5. 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:

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$388,456	\$399,273
Certificates of deposit	100,000	
Total deposits	\$488,456	\$399,273

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$289,978	\$278,285	(\$11,693)
Special Revenue	65,122	75,630	10,508
Debt Service	58,500	63,029	4,529
Capital Projects	25,250	37,532	12,282
Enterprise	34,500	50,941	16,441
Total	\$473,350	\$505,417	\$32,067

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$296,710	\$226,239	\$70,471
Special Revenue	77,381	60,930	16,451
Debt Service	54,164	54,164	
Capital Projects	50,000	27,279	22,721
Enterprise	60,725	47,622	13,103
Total	<u>\$538,980</u>	<u>\$416,234</u>	<u>\$122,746</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$258,922	\$300,864	\$41,942
Special Revenue	63,152	94,246	31,094
Debt Service	58,500	62,922	4,422
Capital Projects	19,500	32,290	12,790
Enterprise	34,500	34,442	(58)
Total	<u>\$434,574</u>	<u>\$524,764</u>	<u>\$90,190</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$319,205	\$244,572	\$74,633
Special Revenue	84,781	58,399	26,382
Debt Service	54,164	54,162	2
Capital Projects	30,000	15,650	14,350
Enterprise	52,200	43,228	8,972
Total	<u>\$540,350</u>	<u>\$416,011</u>	<u>\$124,339</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$378,492	7.11%
Lease for Backhoe	10,718	6.00%
Total	\$389,210	

The Ohio Water Development Authority (OWDA) loan relates to a sewer line project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$54,164, including interest, over 25 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village leased a backhoe in 1999 to be paid over 5 years in annual payments beginning in 1999 of \$11,360.

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

Year ending December 31:	OWDA Loan	Backhoe Lease
2003	\$27,082	\$11,360
2004	54,164	
2005	54,164	
2006	54,164	
2007	54,164	
Subsequent	270,822	
Total	\$514,560	\$11,360

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5 percent of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5 percent of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55 percent and 65 percent of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65 percent is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Luckey
Wood County
226 Main Street, P.O. Box 384
Luckey, Ohio 43443-0384

To the Village Council:

We have audited the accompanying financial statements of the Village of Luckey, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 23, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 23, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 23, 2003.

This report is intended solely for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 23, 2003



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

VILLAGE OF LUCKEY

WOOD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 26, 2003**