



Dave Yost • Auditor of State



VILLAGE OF LUCKEY  
WOOD COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Luckey, Wood County, Ohio, (the Village) 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 reporting provisions 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 opinion.

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

As described in Note 1B 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 of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B 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 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 Luckey, Wood County, Ohio, 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 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 26, 2014

**VILLAGE OF LUCKEY  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$44,477	\$26,717		\$71,194
Municipal Income Tax	184,175			184,175
Intergovernmental	24,213	50,737		74,950
Special Assessments		13,287		13,287
Charges for Services	70,913			70,913
Fines, Licenses and Permits	7,980			7,980
Earnings on Investments	493	54		547
Miscellaneous	36,287			36,287
<i>Total Cash Receipts</i>	<u>368,538</u>	<u>90,795</u>		<u>459,333</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	84,822	38,453		123,275
Leisure Time Activities	9,438			9,438
Community Environment	54,132			54,132
Basic Utility Services	87,139			87,139
Transportation		38,887		38,887
General Government	92,138			92,138
Capital Outlay	1,578			1,578
Debt Service:				
Principal Retirement		4,125		4,125
<i>Total Cash Disbursements</i>	<u>329,247</u>	<u>81,465</u>		<u>410,712</u>
<i>Excess of Receipts Over Disbursements</i>	<u>39,291</u>	<u>9,330</u>		<u>48,621</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In			\$36,902	36,902
Transfers Out	(36,902)			(36,902)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(36,902)</u>		<u>36,902</u>	
<i>Net Change in Fund Cash Balances</i>	2,389	9,330	36,902	48,621
<i>Fund Cash Balances, January 1</i>	<u>143,893</u>	<u>116,839</u>	<u>85,102</u>	<u>345,834</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		126,169		126,169
Committed			122,004	122,004
Unassigned	146,282			146,282
<i>Fund Cash Balances, December 31</i>	<u>\$146,282</u>	<u>\$126,169</u>	<u>\$122,004</u>	<u>\$394,455</u>

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

**VILLAGE OF LUCKEY  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$218,432
<b>Operating Cash Disbursements</b>	
Personal Services	15,255
Employee Fringe Benefits	2,804
Contractual Services	17,458
Supplies and Materials	7,603
<i>Total Operating Cash Disbursements</i>	43,120
<i>Operating Income</i>	175,312
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	23,939
Principal Retirement	(43,300)
Interest and Other Fiscal Charges	(104,700)
<i>Total Non-Operating Receipts (Disbursements)</i>	(124,061)
<i>Net Change in Fund Cash Balances</i>	51,251
<i>Fund Cash Balances, January 1</i>	505,873
<i>Fund Cash Balances, December 31</i>	\$557,124

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



**VILLAGE OF LUCKEY  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$43,811	\$26,367		\$70,178
Municipal Income Tax	157,434			157,434
Intergovernmental	91,171	51,653		142,824
Special Assessments		12,133		12,133
Charges for Services	64,654			64,654
Fines, Licenses and Permits	6,921			6,921
Earnings on Investments	792	117		909
Miscellaneous	7,640			7,640
<i>Total Cash Receipts</i>	<u>372,423</u>	<u>90,270</u>		<u>462,693</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	72,386	39,715		112,101
Leisure Time Activities	7,659			7,659
Community Environment	58,940			58,940
Basic Utility Services	72,084			72,084
Transportation		116,584		116,584
General Government	71,649			71,649
Debt Service:				
Principal Retirement	1,024			1,024
<i>Total Cash Disbursements</i>	<u>283,742</u>	<u>156,299</u>		<u>440,041</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>88,681</u>	<u>(66,029)</u>		<u>22,652</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds		32,998		32,998
Transfers In			\$31,487	31,487
Transfers Out	(31,487)			(31,487)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(31,487)</u>	<u>32,998</u>	<u>31,487</u>	<u>32,998</u>
<i>Net Change in Fund Cash Balances</i>	57,194	(33,031)	31,487	55,650
<i>Fund Cash Balances, January 1</i>	<u>86,699</u>	<u>149,870</u>	<u>53,615</u>	<u>290,184</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		116,839		116,839
Committed			85,102	85,102
Unassigned	143,893			143,893
<i>Fund Cash Balances, December 31</i>	<u>\$143,893</u>	<u>\$116,839</u>	<u>\$85,102</u>	<u>\$345,834</u>

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

**VILLAGE OF LUCKEY  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$218,030
<b>Operating Cash Disbursements</b>	
Personal Services	14,405
Employee Fringe Benefits	3,685
Contractual Services	41,662
Supplies and Materials	9,136
<i>Total Operating Cash Disbursements</i>	68,888
<i>Operating Income</i>	149,142
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	20,617
Principal Retirement	(99,628)
Interest and Other Fiscal Charges	(109,424)
<i>Total Non-Operating Receipts (Disbursements)</i>	(188,435)
<i>Net Change in Fund Cash Balances</i>	(39,293)
<i>Fund Cash Balances, January 1</i>	545,166
<i>Fund Cash Balances, December 31</i>	\$505,873

*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, 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 Luckey, Wood County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, and police services. The Village maintains its own Police Department to provide security of persons and property.

The Village participates in Ohio Plan Risk Management, Inc., a public entity risk pool. The plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members. Note 8 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or

**VILLAGE OF LUCKEY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

capital projects. 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 personal property tax and related intergovernmental money to fund Village police operations.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Improvement Fund – This Capital Improvement Fund receives twenty percent of the income tax money that is collected and used to make major equipment purchases or improvements.

**4. Enterprise Funds**

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

Sewer Operating Fund - This fund receives charges for services from residents and businesses to cover sewer service costs.

Sewer Debt Service Fund - This fund receives a portion of charges for services from residents and businesses to cover the retirement of the old sewer debt.

Sewer Debt Retirement Fund – This fund receives a portion of charges for services from residents and businesses to cover the retirement of the new sewer debt.

**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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus

VILLAGE OF LUCKEY  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)

cash as of January 1. The County Budget Commission must approve estimated resources.

**3. Encumbrances**

Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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:

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

**VILLAGE OF LUCKEY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**G. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

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

**2. Equity in Pooled Deposits**

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

	2013	2012
Demand deposits	\$951,579	\$851,707

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$270,635	\$368,538	\$97,903
Special Revenue	75,290	90,795	15,505
Capital Projects	27,500	36,902	9,402
Enterprise	177,000	242,371	65,371
Total	\$550,425	\$738,606	\$188,181

**VILLAGE OF LUCKEY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$379,845	\$366,149	\$13,696
Special Revenue	125,782	81,465	44,317
Capital Projects	75,000		75,000
Enterprise	210,182	191,120	19,062
Total	<u>\$790,809</u>	<u>\$638,734</u>	<u>\$152,075</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$326,821	\$372,423	\$45,602
Special Revenue	104,443	123,268	18,825
Capital Projects	36,000	31,487	(4,513)
Enterprise	177,000	238,647	61,647
Total	<u>\$644,264</u>	<u>\$765,825</u>	<u>\$121,561</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$354,392	\$315,229	\$39,163
Special Revenue	171,413	156,299	15,114
Capital Projects	46,000		46,000
Enterprise	292,762	277,940	14,822
Total	<u>\$864,567</u>	<u>\$749,468</u>	<u>\$115,099</u>

**4. Property Tax**

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

Public utilities are also taxed on personal and real property located within the Village.

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

**VILLAGE OF LUCKEY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Local Income Tax**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as on incomes of residents earned outside of the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or ½ percent of the 1 percent tax rate on taxable income. Twenty percent of the tax is distributed to the Capital Improvement Fund.

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, 2013 was as follows:

	Principal	Interest Rate
2007 OPWC Loan	\$216,000	0%
2008 USDA Rural Development Loan	2,312,600	4.375-4.5%
2012 OPWC Gilbert Road Construction Loan	28,873	0%
Total	\$2,557,473	

The 2007 Ohio Public Works Commission (OPWC) Construction Loan was obtained to construct a new sewer system. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The USDA Rural Development Loan was obtained to retire an Ohio Water Development Authority (OWDA) loan that was obtained as interim financing for the sewer system improvement project. The Village repaid the OWDA loan in 2008. The USDA loan will be repaid over 40 years. The Village has agreed to set utility rates sufficient to cover USDA Rural Development debt service requirements.

The USDA Rural Development Loan includes a covenant requiring the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2013 is \$132,500.

The 2012 Ohio Public Works Commission (OPWC) Gilbert Road Construction Loan was obtained to repave and repair Gilbert Road. This is to be paid out of the Street Construction, Maintenance & Repair Fund.

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



**VILLAGE OF LUCKEY  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

Year ending December 31:	2007 OPWC	2008 USDA Rural Development	2013 OPWC
	Loan	Loan	Loan
2014	\$16,000	\$131,979	\$4,125
2015	16,000	132,003	4,125
2016	16,000	132,070	4,125
2017	16,000	131,975	4,125
2018	16,000	131,920	4,125
2019-2023	80,000	660,096	8,250
2024-2028	56,000	659,993	
2029-2033		660,077	
2034-2038		659,999	
2039-2043		660,016	
2044-2048		660,013	
Total	<u>\$216,000</u>	<u>\$4,620,141</u>	<u>\$28,875</u>

**7. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2012 through June 30, 2013, the OP&F participant contributed 10% of his wages; for the remainder of 2013, he contributed 10.75%. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of the full-time police member's wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**8. Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective

**VILLAGE OF LUCKEY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements 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).

	<b>2012</b>	<b>2011</b>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. Interfund Transfers**

During 2012 and 2013, the General Fund made transfers, in the amount of \$31,487 and \$36,902, respectively, to the Village's Capital Improvement Fund in accordance with Income Tax Ordinance 730. Per the Ordinance, twenty percent of the Village's income tax receipts shall be transferred and deposited in the Capital Improvements Fund for the establishment, enlargement, improvement, debt offsetting, or maintenance of capital improvements; the extension, enlargement, or improvement of municipal services; and bond retirement.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Luckey, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 26, 2014 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 and have issued our report thereon dated June 26, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 26, 2014

**VILLAGE OF LUCKEY  
WOOD COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Material Weakness – Monitoring Financial Statements**

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The fiscal year 2013 and 2012 financial statements contained errors, such as the following that required adjustment. The accompanying financial statements reflect these amounts:

- A portion of the final debt payment made on the OWDA loan was reclassified within the General Fund from Community Environment to Principal in the amount of \$160; this reclassification was necessary for presentation purposes.
- An additional portion of the final debt payment made on the OWDA loan had to be reclassified to the General Fund, as payment out of the Sewer Debt Service Fund would have resulted in a negative fund balance. These amounts, totaling \$864, were adjusted as a payment against principal in the General Fund.
- Homestead and rollback revenues and local government revenues were posted as taxes in the General Fund in the amount of \$7,685 and in the Special Revenue funds in the amount of \$4,010 for 2012.
- Rent payments totaling \$5,510 and permit revenues totaling \$285, were posted as charges for services instead of miscellaneous revenues and fines, licenses, and permits respectively, in the General Fund in 2012.
- On-behalf-of monies totaling \$29,638 paid to Geddis Paving on behalf of the Village as part of an interest-free OPWC loan were not booked by the Village. The revenues and related expenses were booked as audit adjustments in the Special Revenue funds in 2012.
- Payments made for contractual sewer repairs totaling \$20,480, were reclassified from Other Operating Disbursements to Contractual Services in the Enterprise Funds in 2012.
- Delinquent utility special assessments were posted as charges for services and miscellaneous in the Enterprise funds in the amount of \$18,406 and \$131 respectively, in 2012.
- JAG grant revenues totaling \$7,687 were incorrectly posted as miscellaneous revenues instead of intergovernmental revenues in the General Fund in 2013.
- Homestead and rollback revenues were posted as taxes in the General Fund in the amount of \$7,558 and in the Special Revenue funds in the amount of \$3,982 for 2013.
- Rent payments totaling \$7,955 and permit revenues totaling \$125, were posted as charges for services instead of miscellaneous revenues and fines, licenses, and permits respectively, in the General Fund in 2013.
- Payments made against the OPWC loan debt totaling \$2,062 were improperly posted as transportation in the Special Revenue funds instead of against principal.
- Delinquent utility special assessments were posted as charges for services and miscellaneous in the Enterprise funds in the amount of \$23,523 and \$416 respectively, in 2013.

**FINDING NUMBER 2013-001  
(Continued)**

- Reclassifications of fund balance, as the result of GASB 54, were necessary in both years in the Capital Improvements Fund; fund balance totaling \$85,102 in 2012 and \$122,005 in 2013, were reclassified from Restricted to Committed.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Village Council, to identify and correct errors and omissions. The Fiscal Officer should also review the UAN chart of accounts and the Village Officer's Handbook's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

**Officials' Response:**

We did not receive a response from Officials to the finding reported above.

**VILLAGE OF LUCKEY  
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
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; <b><i>Explain</i></b>
2011-001	Material weakness due to financial statement reporting errors.	No	Not Corrected – Repeated as Finding Number 2013-001 in this report.
2011-002	Ohio Rev. Code §5705.10(D), for recording revenues into improper funds.	No	Partially Corrected – Repeated in the management letter.
2011-003	Ohio Rev. Code §5705.14(E), for improper transfers from General Fund.	Yes	

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# Dave Yost • Auditor of State

**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  
JULY 10, 2014**