



Mary Taylor, CPA
Auditor of State

VILLAGE OF LUCKEY
WOOD COUNTY

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Mary Taylor, CPA

Auditor of State

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Luckey, Wood County, Ohio (the Village), as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Luckey, Wood County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary

comparison for the General and Street Construction, Maintenance and Repair Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 21, 2010

Village of Luckey
Wood County
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

This discussion and analysis of the Village of Luckey (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009 within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2009 are as follows:

Net assets of governmental activities decreased \$ 52,510, or 10 percent, a change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2009; however, cost increases affected most funds.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 19 and 40 percent of the total cash received for governmental activities during the year. Property tax receipts for 2009 changed very little compared to 2008 as development within the Village has slowed. Income tax receipts decreased 5% due to the economic downturn.

The sewer operation, the Village's lone business-type activity, net assets increased due to an increase in fees and collections of tap-in fees owed.

The Village has completed the hook-up phase of the sewer project all residents are now connected into the new sewer system. The next phase is CSO removal and street repairs.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the

Village of Luckey
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Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has one business-type activity, the provision of sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's

Village of Luckey
Wood County
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's has three major governmental funds. The first is the General Fund; the second is the Street Construction, Maintenance and Repair Fund and the third being Capital Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one enterprise fund, the sewer fund.

The Village as a Whole

Table 1 provides a summary of the Government's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Cash and Cash Equivalents	\$460,327	\$512,837	\$520,367	\$484,386	\$980,694	\$997,223
Net Assets						
Restricted for:						
Debt Covenant			\$132,500	\$132,500	\$132,500	\$132,500
Capital Outlay	\$71,112	\$102,929			71,112	102,929
Other Purposes	212,349	185,110			212,349	185,110
Unrestricted	176,866	224,798	387,867	351,886	564,733	576,684
Total Net Assets	\$460,327	\$512,837	\$520,367	\$484,386	\$980,694	\$997,223

As mentioned previously, net assets of governmental activities decreased \$ 52,510 or 10 percent during 2009. The primary reasons contributing to the decreases in cash balances are as follows:

- Local income tax amounts are less than expected.
- Purchasing of new truck for the maintenance department.

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities, business-type activities and total primary government.

Village of Luckey
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Management's Discussion and Analysis
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(Table 2)
Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$55,712	\$45,068	\$214,553	\$225,562	\$270,265	\$270,630
Operating Grants and Contributions	56,698	66,332			56,698	66,332
Capital Grants and Contributions	7,659	1,645	64,099	381,979	71,758	383,624
Total Program Receipts	120,069	113,045	278,652	607,541	398,721	720,586
General Receipts:						
Property and Other Local Taxes	72,955	73,948			72,955	73,948
Income Taxes	157,805	166,623			157,805	166,623
Sale of Capital Assets	750	3,468			750	3,468
Cable Franchise	5,130	4,778			5,130	4,778
Grants and Entitlements Not Restricted to Specific Programs	26,519	24,950			26,519	24,950
Interest	3,171	18,307			3,171	18,307
Miscellaneous	6,041	8,262	2,129	1,349	8,170	9,611
Loan Proceeds				2,415,000		2,415,000
Total General Receipts	272,371	300,336	2,129	2,416,349	274,500	2,716,685
Total Receipts	392,440	413,381	280,781	3,023,890	673,221	3,437,271
Disbursements:						
General Government	66,479	72,424			66,479	72,424
Security of Persons and Property:	109,373	104,298			109,373	104,298
Public Health Services	1,098	951			1,098	951
Leisure Time Activities	12,453	6,687			12,453	6,687
Community Environment	86,058	110,901			86,058	110,901
Basic Utility Service	67,913	58,440			67,913	58,440
Transportation	30,255	54,397			30,255	54,397
Capital Outlay	71,321	37,338			71,321	37,338
Sewer Operations			244,800	2,747,485	244,800	2,747,485
Total Disbursements	444,950	445,436	244,800	2,747,485	689,750	3,192,921
 Increase (Decrease) in Net Assets	 (52,510)	 (32,055)	 35,981	 276,405	 (16,529)	 244,350
 Net Assets, January 1	 512,837	 544,892	 484,386	 207,981	 997,223	 752,873
Net Assets, December 31	\$460,327	\$512,837	\$520,367	\$484,386	\$980,694	\$997,223

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Program receipts represent only 31 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees. Program receipts increased due to an increase in the park grant in 2009

General receipts represent 69 percent of the Village's total receipts, and of this amount, 58 percent are income taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing. .

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; Community Environment is used to provide a safe and comfortable place to live for the residents, Basic Utility Service cover the cost of street lighting and all other utilities necessary, and Transportation is the cost of maintaining the roads.

Business-Type Activities decreased in 2009 due to the completion of the sewer project in 2008.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are community environment, general government, and security of persons and property, which account for 19, 15 and 25 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

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Management's Discussion and Analysis
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(Table 3)

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$66,479	\$63,881	\$72,424	\$65,551
Security of Persons and Property	109,373	109,373	104,298	102,259
Public Health Services	1,098	1,098	951	951
Leisure Time Activities	12,453	12,453	6,687	6,687
Community Environment	86,058	66,717	110,901	97,392
Basic Utilities	67,913	14,202	58,440	15,246
Transportation	30,255	(14,164)	54,397	6,967
Capital Outlay	71,321	71,321	37,338	37,338
Total Expenses	<u>\$444,950</u>	<u>\$324,881</u>	<u>\$445,436</u>	<u>\$332,391</u>

The dependence upon property and income tax receipts is apparent as over 73 percent of governmental activities are supported through these general receipts.

Business-type Activities

The sewer operation of the Village is relatively small. The infrastructure was aging and the Village completed new construction on the sewer system. The receipts exceeded disbursements due to increases in fees to pay-off related debt and collection of tap-in fees owed.

The Village's Funds

Total governmental funds had receipts and other financing sources of \$431,944 and disbursements of \$484,454 the greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$47,932 as the result of increased costs for salaries and benefits not achieving anticipated growth in income and property tax receipts, a decline in investment income and transfers to the Capital Improvement Fund.

General Fund receipts were less than disbursements by \$ 9,178 indicating that the General Fund is in a deficit spending situation. The Finance Committee is looking at ways to cut the spending.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

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During 2009, the Government modified its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements and other financing uses were budgeted at \$411,794 while actual disbursements and other financing uses were \$345,996. The Village did not spend as much as they had anticipated.

Capital Assets and Debt Administration

Capital Assets

The Village does keep track of its capital assets and infrastructure. The Village diligently maintains and evaluates its capital assets and infrastructures.

Debt

At December 31, 2009, the Village's outstanding debt included \$2,836,845 for the sewer project and \$46,872 in capital leases for equipment. For further information regarding the Village's debt, refer to Notes 11 and 12 to the basic financial statements.

Current Issues

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our resources and have determined that increase were unlikely. The Village is trying to find more cost efficient ways to provide the same quality services.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Connie Heflin, Fiscal Office, Village of Luckey, and P.O. Box 384, Luckey, Ohio 43443

Village of Luckey
Wood County
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$460,327	\$520,367	\$980,694
Net Assets			
Restricted for:			
Capital Projects	\$71,112		\$71,112
Debt Covenant		\$132,500	132,500
Other Purposes	212,349		212,349
Unrestricted	176,866	387,867	564,733
<i>Total Net Assets</i>	\$460,327	\$520,367	\$980,694

See accompanying notes to the basic financial statements

Village of Luckey
Wood County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	<u>General</u>	<u>Street Construction Maintenance and Repair Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	<u>\$176,866</u>	<u>\$170,042</u>	<u>\$71,112</u>	<u>\$42,307</u>	<u>\$460,327</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances			\$20,210		\$20,210
Unreserved:					
General Fund	176,866				176,866
Special Revenue Funds		170,042		42,307	212,349
Capital Projects Funds			50,902		50,902
<i>Total Fund Balances</i>	<u>\$176,866</u>	<u>\$170,042</u>	<u>\$71,112</u>	<u>\$42,307</u>	<u>\$460,327</u>

See accompanying notes to the basic financial statements

Village of Luckey
Wood County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Street Construction Maintenance and Repair Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$157,805				\$157,805
Property and Other Local Taxes	46,772			\$26,183	72,955
Charges for Services	53,711				53,711
Fines, Licenses and Permits	7,131				7,131
Intergovernmental	22,683	\$41,054		15,237	78,974
Special Assessments				11,277	11,277
Interest	3,171	562		63	3,796
Miscellaneous	6,041				6,041
<i>Total Receipts</i>	<u>297,314</u>	<u>41,616</u>	<u></u>	<u>52,760</u>	<u>391,690</u>
Disbursements					
Current:					
General Government	66,479				66,479
Security of Persons and Property	72,491			36,882	109,373
Public Health Services	1,098				1,098
Leisure Time Activities	12,453				12,453
Community Environment	86,058				86,058
Basic Utility Services	67,913				67,913
Transportation		26,847		3,408	30,255
Capital Outlay			71,321		71,321
<i>Total Disbursements</i>	<u>306,492</u>	<u>26,847</u>	<u>71,321</u>	<u>40,290</u>	<u>444,950</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,178)</u>	<u>14,769</u>	<u>(71,321)</u>	<u>12,470</u>	<u>(53,260)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	750				750
Transfers In			39,504		39,504
Transfers Out	(39,504)				(39,504)
<i>Total Other Financing Sources (Uses)</i>	<u>(38,754)</u>	<u></u>	<u>39,504</u>	<u></u>	<u>750</u>
<i>Net Change in Fund Balances</i>	<u>(47,932)</u>	<u>14,769</u>	<u>(31,817)</u>	<u>12,470</u>	<u>(52,510)</u>
<i>Fund Balances Beginning of Year</i>	<u>224,798</u>	<u>155,273</u>	<u>102,929</u>	<u>29,837</u>	<u>512,837</u>
<i>Fund Balances End of Year</i>	<u>\$176,866</u>	<u>\$170,042</u>	<u>\$71,112</u>	<u>\$42,307</u>	<u>\$460,327</u>

See accompanying notes to the basic financial statements

Village of Luckey
Wood County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Municipal Income Taxes	\$165,000	\$165,000	\$157,805	(\$7,195)
Property and Other Local Taxes	54,928	54,928	46,772	(8,156)
Charges for Services	46,500	51,500	53,711	2,211
Fines, Licenses and Permits	3,000	8,000	7,131	(869)
Intergovernmental	17,098	17,098	22,683	5,585
Interest			3,171	3,171
Miscellaneous	10,000		6,041	6,041
<i>Total Receipts</i>	<u>296,526</u>	<u>296,526</u>	<u>297,314</u>	<u>788</u>
Disbursements				
Current:				
General Government	70,795	74,094	66,479	7,615
Security of Persons and Property	91,900	93,900	72,491	21,409
Public Health Services	1,100	1,100	1,098	2
Leisure Time Activities	11,000	13,000	12,453	547
Community Environment	103,000	99,700	86,058	13,642
Basic Utility Services	74,000	76,000	67,913	8,087
<i>Total Disbursements</i>	<u>351,795</u>	<u>357,794</u>	<u>306,492</u>	<u>51,302</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(55,269)</u>	<u>(61,268)</u>	<u>(9,178)</u>	<u>52,090</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			750	750
Transfers Out	(50,000)	(50,000)	(39,504)	10,496
Other Financing Uses	(10,000)	(4,000)		4,000
<i>Total Other Financing Sources (Uses)</i>	<u>(60,000)</u>	<u>(54,000)</u>	<u>(38,754)</u>	<u>15,246</u>
<i>Net Change in Fund Balance</i>	(115,269)	(115,268)	(47,932)	67,336
<i>Fund Balance Beginning of Year</i>	<u>224,798</u>	<u>224,798</u>	<u>224,798</u>	
<i>Fund Balance End of Year</i>	<u>\$109,529</u>	<u>\$109,530</u>	<u>\$176,866</u>	<u>\$67,336</u>

See accompanying notes to the basic financial statements

Village of luckey
WoodCounty

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$35,000	\$32,000	\$41,054	\$9,054
Interest		3,000	562	(2,438)
<i>Total Receipts</i>	<u>35,000</u>	<u>35,000</u>	<u>41,616</u>	<u>6,616</u>
Disbursements				
Transportation	94,150	94,150	26,847	67,303
<i>Net Change in Fund Balance</i>	(59,150)	(59,150)	14,769	73,919
<i>Fund Balance Beginning of Year</i>	<u>155,273</u>	<u>155,273</u>	<u>155,273</u>	
<i>Fund Balance End of Year</i>	<u>\$96,123</u>	<u>\$96,123</u>	<u>\$170,042</u>	<u>\$73,919</u>

See accompanying notes to the basic financial statements

Village of Luckey
Wood County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2009

	<u>Business-Type Activities</u>
	<u>Sewer Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$520,367</u>
Net Assets	
Restricted for:	
Debt Covenant	\$132,500
Unrestricted	<u>387,867</u>
<i>Total Net Assets</i>	<u>\$520,367</u>

Village of Luckey
Wood County
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities
	Sewer Fund
Operating Receipts	
Charges for Services	\$214,553
 Operating Disbursements	
Personal Services	16,639
Fringe Benefits	2,872
Contractual Services	27,671
Materials and Supplies	24,628
<i>Total Operating Disbursements</i>	71,810
 <i>Operating Income</i>	142,743
 Non-Operating Receipts (Disbursements)	
Special Assessments	64,099
Miscellaneous	2,129
Principal Payments	(57,153)
Interest and Fiscal Charges	(115,837)
 <i>Change in Net Assets</i>	35,981
 <i>Net Assets Beginning of Year</i>	484,386
 <i>Net Assets End of Year</i>	\$520,367

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

The Village of Luckey, Wood, Ohio (the Village), is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, and votes only to break a tie.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, sewer utilities, maintenance of Village roads, park operations, and police services.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balances, of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non-operating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's has three major governmental fund. They are:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Construction Maintenance and Repair Fund – The Street Construction, Maintenance and Repair Fund receives gasoline tax money and motor vehicle registration and is used to pay for constructing, maintaining and repairing the Village's roads.

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

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise fund is the sewer funds.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 was \$3,171 which includes \$2,473 assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Note 2- Summary of Significant Accounting Policies (Continued)

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of capital assets are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. The restricted net asset of \$132,500 in the business type activities is for funds set aside to meet the requirements of a debt covenant.

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. A fund balance reserve has been established for encumbrances. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. .

N. Inter- fund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Note 2- Summary of Significant Accounting Policies (Continued)

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

The Village Fiscal Officer did not certify the availability of funds as required by Ohio law.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and street construction, maintenance and repair fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There was no difference between the cash basis of accounting and the budgetary basis, as the Village had no encumbrances outstanding in the general and street construction maintenance and repair funds at year end.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or with drawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Note 5 – Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$743,348 of the Village's bank balance of \$993,348 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 6 – Income Taxes

The Village levies a 1% percent income tax whose proceeds are placed into the General Fund. Twenty-five percent of the tax is distributed to the Capital Improvement Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 1/2 percent of the 1 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Village of Luckey
Notes to the Financial Statements
For the Year Ended December 31, 2009

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2009 for real and public utility property taxes represents collections of the 2008 taxes. Real Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2008

2009 real property taxes are levied after October 1, 2008 on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

The full tax rate for all Village operations for the year ended December 31, 2009, was \$6.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$16,980,720
Public Utility Property	176,620
Total Assessed Values	<u><u>\$17,157,340</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 8 – Risk Management

Risk Pool Membership

The Village belongs to 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.

These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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 retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Village does participate in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Village does not participate in this coverage.

Village of Luckey
Notes to the Financial Statements
For the Year Ended December 31, 2009

Note 8 – Risk Management (Continued)

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: 2008 and 2007 (the latest information available), and include amounts for both OPRRM and OPHC:

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009 members in state and local classifications contributed 10% percent of covered payroll, public safety members contributed 10.10 percent, and law enforcement members contributed 10.10 percent.

Note 9 – Defined Benefit Pension Plans (Continued)

The Village's contribution rate for 2009 was 14 percent. For the period January 1 through March 31, 2009, a portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 17.63 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007 were \$ 18,856, \$19,500, and \$16,312 respectively.

The full amount has been contributed for 2009, 2008 and 2007.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2009, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2009, 2008, and 2007 were \$6,703, \$8,038, and \$6,913. The full amount has been contributed for 2009, 2008 and 2007.

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Note 9 – Defined Benefit Pension Plans (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll (17.63 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent from April 1 to December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

Note 10 - Postemployment Benefits

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$6,543, \$6,924 and \$5,872 respectively. The full amount has been contributed for 2009, 2008 and 2007

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post -employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police employers.

Village of Luckey
Notes to the Financial Statements
For the Year Ended December 31, 2009

Note 10 - Postemployment Benefits (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$2,320 for the year ended December 31, 2009, \$2,782 for the year ended December 31, 2008, and \$2,391 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008, and 2007.

Note 11 - Debt

The Village's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance 01/01/09	Reductions	Balance 12/31/09	Due within One Year
Business-type Activities					
1987 OWDA Loan (original loan \$625,003)	7.11%	\$182,998	\$41,153	\$141,845	\$44,073
USDA Rural Development Loan	4.375- 4.5%	2,415,000		2,415,000	24,000
2007 OPWC Loan	0.00%	296,000	16,000	280,000	16,000
Total Debt		\$2,893,998	\$57,153	\$2,836,845	\$84,073

The 1987 Ohio Water Development Authority (OWDA) loan relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The 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 OWDA and 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.

Village of Luckey
Notes to the Financial Statements
For the Year Ended December 31, 2009

Note 11 – Debt (Continued)

The following is a summary of the Village's future annual debt service requirements

Year	<u>OPWC Loan</u>	<u>OWDA Loan</u>		<u>USDA Loan</u>	
	Principal	Principal	Interest	Principal	Interest
2010	\$ 16,000	\$ 44,073	\$9,931	\$ 24,000	\$ 105,656
2011	16,000	47,213	6,843	25,000	104,606
2012	16,000	50,559	3,557	26,100	103,513
2013	16,000			27,300	102,371
2014	16,000			28,500	101,176
2015–2019	80,000			163,000	486,010
2020–2024	80,000			202,800	447,029
2025–2029	40,000			252,500	398,506
2030–2034				314,100	338,113
2035–2039				391,100	262,955
2040–2044				486,800	169,404
2045–2048				473,800	52,955
Totals	<u>\$280,000</u>	<u>\$141,845</u>	<u>\$26,735</u>	<u>\$2,415,000</u>	<u>\$2,672,294</u>

Note 12 – Leases

The Village leases a vehicle under a noncancelable lease. The Village disbursed \$15,264 to pay lease costs for the year ended December 31, 2009. Future lease payments are as follows:

Year	Amount
2010	\$15,264
2011	15,264
2012	15,264
Total	<u>\$45,792</u>

Note 13 – Interfund Transfers

During 2009, a transfer was made from the General Fund to the Capital Improvement Fund in the amount of \$39,504. This transfer was authorized and required by the Income tax ordinance requiring 25% of income tax revenue to be distributed to the Capital Improvement Fund

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Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Luckey, Wood County, (the Village) as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 21, 2010, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not

identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 21, 2010.

We intend this report solely for the information and use of management, the audit committee, the Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 21, 2010

VILLAGE OF LUCKEY
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

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

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

- 2) **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- 3) **Super Blanket Certificate** – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Forty percent of the transactions tested were not certified by the fiscal officer at the time the commitments were incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

Officials' Response:

We did not receive a response from Officials to this finding.

VILLAGE OF LUCKEY
WOOD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Revised Code 5705.41(D), the Fiscal Officer did not certify the availability of funds for expenditures.	No	Repeated as Finding 2009-001 in this report.



Mary Taylor, CPA
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
AUGUST 10, 2010