



Mary Taylor, CPA
Auditor of State

VILLAGE OF LUCKEY
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis	10
Statement of Activities – Cash Basis	11
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	12
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	13
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund	14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Street Construction, Maintenance and Repair Fund	15
Statement of Fund Net Assets – Cash Basis – Proprietary Fund	16
Statement of Receipts, Disbursements and Changes in Fund Net Assets - Proprietary Fund.....	17
Notes to the Financial Statements	18
Federal Awards Expenditure Schedule.....	31
Notes to the Federal Awards Expenditures Schedule	32
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Independent Accountant's report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	35
Schedule of Findings.....	37
Schedule of Prior Audit Findings.....	39

This page intentionally left blank.



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, 2007, 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 opinion.

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, 2007, 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 9, 2008, 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.

We conducted our audit to opine on the financial statements that collectively comprise the Village's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

July 9, 2008

**VILLAGE OF LUCKEY
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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, 2007, 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 2007 are as follows:

- Net assets of governmental activities increase \$46,346 or 9 percent. The fund most affected by the increase in cash and cash equivalents was the Capital Improvement Fund, which realized the greatest increase in 2007.
- The Village's general receipts are primarily property and income taxes. These receipts represent respectively 18 and 39 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2007 changed very little as compared to 2006.
- The Sewer operation, the Village's lone business-type increased \$38,283 or 24 percent. The increase was due to the new sewer project that the Village has starting and the Village did not incur a lot of cost for repair.
- The Village has a major construction project on the sewer system in progress.

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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 2007, within the limitations of cash basis accounting. 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 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 non-financial 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.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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 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 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.

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 Village's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Cash and Cash Equivalents	\$552,372	\$506,026	\$200,501	\$162,218	\$752,873	\$668,244
Net Assets						
Restricted for:						
Capital Outlay	\$105,649	\$64,518			\$105,649	\$64,518
Other Purposes	184,448	173,672			184,448	173,672
Unrestricted	262,275	267,836	\$200,501	\$162,218	462,776	430,054
Total Net Assets	\$552,372	\$506,026	\$200,501	\$162,218	\$752,873	\$668,244

As mentioned previously, net assets of governmental activities increased \$ 46,346 or 9 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The Village had an increase in interest earned.
- The Village Council did not do street repairs due to on going sewer project.

As mentioned previously, net assets of business-type activity increased \$38,283 or 24 percent during 2007. The primary reason contributing to the increase in cash balance is the Village is in the final stages of sewer construction and less money was spent on repair and maintenance of the old system.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Table 2 reflects the change in net assets on a cash basis in 2007 and 2006 for governmental activities, business-type activity and total primary government.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities	
	2007	2006	2007	2006
Receipts:				
Program Receipts:				
Charges for Services and Sales	\$54,570	\$55,679	\$140,490	\$77,381
Operating Grants and Contributions	64,232	54,690		65,326
Capital Grants and Contributions			1,211,215	208,603
Total Program Receipts	<u>118,802</u>	<u>110,369</u>	<u>1,351,705</u>	<u>351,310</u>
General Receipts:				
Property and Other Local Taxes				
General	47,529	47,114		
Police	24,190	23,698		
Other Taxes	2,705			
Income Taxes	164,526	165,904		
Cable Franchise	4,139	3,604		
Grants and Entitlements Not Restricted to Specific Programs	21,392	24,807		
Interest	31,404	5,789		2,784
Miscellaneous	9,257	8,839	3,466	
Notes Issued			1,893,684	624,392
Total General Receipts	<u>305,142</u>	<u>279,755</u>	<u>1,897,150</u>	<u>627,176</u>
Total Receipts	<u>423,944</u>	<u>390,124</u>	<u>3,248,855</u>	<u>978,486</u>
Disbursements:				
General Government	68,564	53,002		
Security of Persons and Property:	96,647	82,120		
Public Health Services	900	761		
Leisure Time Activities	8,701	6,880		
Community Environment	80,346	73,675		
Basic Utility Services	56,696	67,064		
Transportation	49,902	23,055		
Capital Outlay		24,954		
Sewer			3,226,414	942,284
Total Disbursements	<u>361,756</u>	<u>331,511</u>	<u>3,226,414</u>	<u>942,284</u>
Excess Before Transfers	62,188	58,613	22,441	36,202
Transfers	(15,842)		15,842	
Increase in Net Assets	<u>46,346</u>	<u>58,613</u>	<u>38,283</u>	<u>36,202</u>
Net Assets, January 1	<u>506,026</u>	<u>447,413</u>	<u>162,218</u>	<u>133,016</u>
Net Assets, December 31	<u>\$552,372</u>	<u>\$506,026</u>	<u>\$200,501</u>	<u>\$169,218</u>

**VILLAGE OF LUCKEY
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Program receipts represent only 28 percent of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax, charges for service and inspection fees.

General receipts represent 72 percent of the Village's total governmental receipts, and of this amount, over 39 percent are income taxes. State and federal grants and entitlements make up the balance of the Village's general receipts (7 percent). 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, the clerk-treasurer, and income tax departments.

Security of Persons and Property are the costs of police, 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 Services cover the cost of street lighting and all other utilities necessary, and Transportation is the cost of maintaining the roads.

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 22, 16 and 27 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 (Disbursement)Receipts and Changes in Net Assets column compare the program receipts to the cost of the service. This "net cost" amount represents the cost of the services 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.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$68,564	\$68,564	\$53,002	\$52,676
Security of Persons and Property	96,647	81,766	82,120	79,530
Public Health Services	900	900	761	761
Leisure Time Activities	8,701	8,701	6,880	6,880
Community Environment	80,346	79,930	73,675	73,675
Basic Utility Service	56,696	13,109	67,064	13,053
Transportation	49,902	(10,016)	23,055	(30,387)
Capital Outlay			24,954	24,954
Total Expenses	\$361,756	\$242,954	\$331,511	\$221,142

**VILLAGE OF LUCKEY
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The dependence upon property and income tax receipts is apparent since 67 percent of governmental activities are supported through these general receipts.

Business-type Activity

The sewer operation of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure was beginning to age and the Village has almost completed construction on a new sewer project.

The Village's Funds

Total governmental funds had receipts and other financing sources of \$465,075 and disbursements and other financing uses of \$418,729. The greatest change within governmental funds occurred within the Capital Improvement Fund. The fund balance of the Capital Improvement Fund increased \$41,131 as the result of the Village Council delaying purchases until the sewer project is completed. The Street Construction Maintenance and Repair Fund increased \$13,646 as the result of repairs not being done on the streets due to the ongoing sewer project.

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 and disbursements. The most significant budgeted fund is the General Fund.

During 2007, the Village did not amend the General Fund budget to reflect changing circumstances. Final budgeted receipts were the same as original budgeted receipts. The difference between final budgeted receipts and actual receipts was caused by an increase in income tax collections, intergovernmental revenue and interest, along with less than anticipated property and other local taxes.

Final disbursements and other financing uses were budgeted at \$279,954 while actual disbursements and other financing uses were \$328,272. The Village did not have the additional cost in installation of the new sewer system that we were expecting.

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, 2007, the Village outstanding debt included loans totaling \$2,915,366 for the sewer project. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Current Issues

The challenge for all governments 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 sources of revenue and determined that increases were unlikely.

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, Clerk-Treasurer, Village of Luckey, 226 Main St, P.O. Box 384, Luckey, Ohio 43443-0384.

**VILLAGE OF LUCKEY
WOOD COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2007*

	Governmental Activities	Business - Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$552,372	\$200,501	\$752,873
 Net Assets			
Restricted for:			
Capital Projects	\$105,649		\$105,649
Other Purposes	184,448		184,448
Unrestricted	262,275	\$200,501	462,776
<i>Total Net Assets</i>	<i>\$552,372</i>	<i>\$200,501</i>	<i>\$752,873</i>

See accompanying notes to the basic financial state

**VILLAGE OF LUCKEY
WOOD COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	General	Street Construction Maintenance and Repair	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$262,275	\$158,947	\$106,009	\$25,501	\$552,732
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	262,275				262,275
Special Revenue Funds		158,947		25,501	184,448
Capital Projects Funds			105,649		105,649
<i>Total Fund Balances</i>	<u>\$262,275</u>	<u>\$158,947</u>	<u>\$105,649</u>	<u>\$25,501</u>	<u>\$552,372</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, 2007*

	General	Street Construction Maintenance and Repair	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$164,526				\$164,526
Property and Other Local Taxes	47,529			\$26,895	74,424
Charges for Services	42,589			10,879	53,468
Fines, Licenses and Permits	5,241				5,241
Intergovernmental	22,165	\$44,180		7,105	73,450
Interest	31,404	11,248		926	43,578
Miscellaneous	9,257				9,257
<i>Total Receipts</i>	<u>322,711</u>	<u>55,428</u>		<u>45,805</u>	<u>423,944</u>
Disbursements					
Current:					
General Government	68,564				68,564
Security of Persons and Property	56,092			40,555	96,647
Public Health Services	900				900
Leisure Time Activities	8,701				8,701
Community Environment	80,346				80,346
Basic Utility Services	56,696				56,696
Transportation		41,782		8,120	49,902
<i>Total Disbursements</i>	<u>271,299</u>	<u>41,782</u>		<u>48,675</u>	<u>361,756</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,412</u>	<u>13,646</u>		<u>(2,870)</u>	<u>62,188</u>
Other Financing Uses					
Transfers In			\$41,131		41,131
Transfers Out	(56,973)				(56,973)
<i>Total Other Financing Sources (Uses)</i>	<u>(56,973)</u>		<u>41,131</u>		<u>(15,842)</u>
<i>Net Change in Fund Balances</i>	(5,561)	13,646	41,131	(2,870)	46,346
<i>Fund Balances Beginning of Year</i>	<u>267,836</u>	<u>145,301</u>	<u>64,518</u>	<u>28,371</u>	<u>506,026</u>
<i>Fund Balances End of Year</i>	<u>\$262,275</u>	<u>\$158,947</u>	<u>\$105,649</u>	<u>\$25,501</u>	<u>\$552,372</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Municipal Income Taxes	\$140,000	\$140,000	\$164,526	\$24,526
Property and Other Local Taxes	55,003	55,003	47,529	(7,474)
Charges for Services	46,500	46,500	42,589	(3,911)
Fines, Licenses and Permits	1,200	1,200	5,241	4,041
Intergovernmental	13,098	13,098	22,165	9,067
Interest	25,076	25,076	31,404	6,328
Miscellaneous	10,000	10,000	9,257	(743)
<i>Total receipts</i>	<u>290,877</u>	<u>290,877</u>	<u>322,711</u>	<u>31,834</u>
Disbursements				
Current:				
General Government	94,954	97,954	68,564	29,390
Security of Persons and Property	60,500	60,500	56,092	4,408
Public Health Services	1,000	1,000	900	100
Leisure Time Activities	9,500	9,500	8,701	799
Community Environment			80,346	(80,346)
Basic Utility Services	59,000	59,000	56,696	2,304
<i>Total Disbursements</i>	<u>224,954</u>	<u>227,954</u>	<u>271,299</u>	<u>(43,345)</u>
<i>Excess of Receipts Over Disbursements</i>	<u>65,923</u>	<u>62,923</u>	<u>51,412</u>	<u>(11,511)</u>
Other Financing Sources				
Transfers Out	(55,000)	(52,000)	(56,973)	(4,973)
<i>Net Change in Fund Balance</i>	10,923	10,923	(5,561)	(16,484)
<i>Fund Balance Beginning of Year</i>	<u>267,836</u>	<u>267,836</u>	<u>267,836</u>	
<i>Fund Balance End of Year</i>	<u><u>\$278,759</u></u>	<u><u>\$278,759</u></u>	<u><u>\$262,275</u></u>	<u><u>(\$16,484)</u></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
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$21,000	\$21,000	\$44,180	\$23,180
Interest			11,248	11,248
<i>Total receipts</i>	21,000	21,000	55,428	34,428
Disbursements				
Current:				
Transportation	139,000	139,000	41,782	97,218
<i>Net Change in Fund Balance</i>	(118,000)	(118,000)	13,646	131,646
<i>Fund Balance Beginning of Year</i>	145,301	145,301	145,301	
<i>Fund Balance End of Year</i>	\$27,301	\$27,301	\$158,947	\$131,646

See accompanying notes to the basic financial statements

**VILLAGE OF LUCKEY
WOOD COUNTY**

*Statement of Fund Net Assets - Cash Basis
Proprietary Fund
December 31, 2007*

	<u>Business-Type Activity</u>
	<u>Sewer Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$200,501</u></u>
Net Assets	
Unrestricted	<u><u>\$200,501</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LUCKEY
WOOD COUNTY**

*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Fund
For the Year Ended December 31, 2007*

	Business-Type Activity
	Sewer
Operating Receipts	
Charges for Services	\$68,988
Other Operating Receipts	6,865
	<u>75,853</u>
Operating Disbursements	
Personal Services	18,847
Fringe Benefits	2,509
Contractual Services	3,116,788
Materials and Supplies	26,248
Other	141
	<u>3,164,533</u>
<i>Total Operating Disbursements</i>	<u>3,164,533</u>
<i>Operating Loss</i>	(3,088,680)
Non-Operating Receipts (Disbursements)	
Federal Loan Proceeds	1,893,684
Intergovernmental	1,211,215
Special Assessments	64,637
Principal Payments	(43,871)
Interest and Fiscal Charges	(18,010)
Other Financing Uses	3,466
	<u>22,441</u>
<i>Income before Transfers</i>	<u>22,441</u>
Transfers In	15,842
	<u>38,283</u>
<i>Change in Net Assets</i>	<u>38,283</u>
<i>Net Assets Beginning of Year</i>	<u>162,218</u>
<i>Net Assets End of Year</i>	<u><u>\$200,501</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 1- REPORTING ENTITY

The Village of Luckey, Wood County, 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 provided 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 State 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 Principal 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 20, 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.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The statement of net assets presents the cash balance 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 grant 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.

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 financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions for 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 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 nonexchange transactions as governmental funds. The Village has three major governmental funds. 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.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 enterprise.

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 Villages major enterprise fund is the sewer fund.

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

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 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 expenses and liabilities) 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 recourses, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increasing 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 set limits on cash disbursements 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 Clerk-Treasurer. 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 certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 the fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amount 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 credit to the General Fund during 2007 was \$31,404 which includes \$16,121 assigned from other Village funds.

F. Restricted Assets

Cash and cash equivalents 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.

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 contribution include portions for pension benefits and for post-retirement health care benefits.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 an other financing source nor capital outlay expenditure is 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.

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. Unreserved fund balance indicated that portion of fund balance which is available for appropriation in future periods. There were no fund balance reserves at December 31, 2007.

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.

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 repayments 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.

NOTE 3- COMPLIANCE

The Village Clerk-Treasurer 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 Balances-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 were no differences between the cash basis of accounting and the budgetary basis, since the Village did not use the encumbrance method of accounting.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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 withdrawable 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 or 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;
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).

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 5-DEPOSITS AND INVESTMENTS – (CONTINUED)

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, \$674,438 of the Village's bank balance of \$774,438 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% income tax whose proceeds are placed into the General 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 of ½ percent of 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.

NOTE 7-PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually payment is due on December 31; if paid semiannually, the payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2004, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is current assessed at varying percentages of true value.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 7-PROPERTY TAXES – (CONTINUED)

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006 on the true value as of December 31, 2006. Tangible personal property is currently assessed at 12.25 percent of true value for capital asset and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for the Village Operations for the year ended December 31, 2007, was \$6.50 per \$1,000 of assessed value. The assessed value of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$15,967,860
Agriculture	530
Commercial/Industrial	902,640
Tangible Personal Property	
General Personal	61,684
Public Utility	243,640
Total Assessed Value	<u><u>\$17,176,354</u></u>

NOTE 8-RISK MANAGEMENT

Risk Pool Membership

The Government 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 over 550 Ohio governments ("Members").

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

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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 2006 and 2005 (the latest information available).

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	(3,329,620)	(2,748,639)
Members' Equity	\$6,290,528	\$5,470,791

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

NOTE 9-DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employee Retirement System

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 contribution 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.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plan. 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.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 9-DEFINED BENEFIT PENSION PLAN – (CONTINUED)

For the year ending December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contribution.

The Village's required contributions for pension obligations to the traditional and combined plans for the year ended December 31, 2007, 2006, and 2005, were \$16,312, \$15,869, and \$14,272, respectively. The full amount has been contributed for 2007.

Ohio Police and Fire Pension Fund

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 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, OH 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligation while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the fund for the years ended December 31, 2007, 2006, 2005, were \$6,913, \$6,678 and \$6,456. The full amount has been contributed for 2007.

NOTE 10-POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for post-retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent of covered payroll was the portion that was used to fund health care.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 10-POST-EMPLOYMENT BENEFITS – (CONTINUED)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investments assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,132. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$4,763. The actual contribution and actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability and unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B, Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll of which 6.75 percent of covered payroll was applied to the postemployment health care program during 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 10-POST-EMPLOYMENT BENEFITS – (CONTINUED)

The Village's actual contributions for 2007 that were used to fund post-employment benefits were \$2,391 for police. The OP& F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP & F participants eligible to receive health care benefits as of December 31, 2006, was 14,120 for police.

NOTE 11-DEBT

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance 01/01/07	Additions	Reductions	Balance 12/31/07	Due within One Year
Business-type Activities						
1987 OWDA Loan (original loan \$625,003)	7.11%	\$257,290		\$35,871	\$221,419	\$19,211
2008 OWDA Loan	4.26%	646,754	\$1,735,193		2,381,947	2,381,947
2007 OPWC Loan	0.00%	161,509	158,491	8,000	312,000	8,000
Total Debt		<u>\$1,065,553</u>	<u>\$1,893,684</u>	<u>\$43,871</u>	<u>\$2,915,366</u>	<u>\$2,409,158</u>

The Ohio Water Development Authority (OWDA) loan relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The Loan will be repaid in semiannual installments of \$27,082, including interest, over 25 years. The OPWC Construction Loan was obtained to construct a new sewer system. The Loans are secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA and OWPC debt service requirements.

The Village has obtained interim financing from OWDA in the amount of \$2,415,000. As of December 31, 2007, the Village has drawn down \$2,382,947 towards construction of sewer project. The loans are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan is not included in the amortization schedule below.

Year	<u>OWDA AND OPWC Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$27,211	\$7,750
2009	55,755	14,155
2010	58,616	11,369
2011	61,646	8,386
2012	64,892	5,191
2013-2027	265,299	1,787
TOTAL	<u>\$533,419</u>	<u>\$48,638</u>

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 12- INTERFUND TRANSFERS

During 2007, a transfer was made from the General Fund to the Capital Improvement Fund in the amount of \$41,131 and a transfer from General Fund to the Sewer fund in the amount of \$15,842 for the sewer project. Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 13-CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Village of Luckey entered into a contract with Speer Bros., Inc. for Sanitary Sewer Improvements. The contract was in the amount of \$3,637,158. As of December 31, 2007, the outstanding balance of the contract was \$50,878.

NOTE 14-CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refund would be immaterial.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR	Federal CFDA Number	Disbursements
Program Title		
U.S. DEPARTMENT OF AGRICULTURE		
<i>Direct Assistance</i>		
Water and Waste Disposal Systems for Rural Communities		
Loan	10.760	\$1,735,193
Grant	10.760	<u>717,005</u>
		2,452,198
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY		
<i>Direct Assistance</i>		
Congressionally Mandated Projects	66.202	<u>494,210</u>
Total Federal Awards Expenditures		<u><u>\$2,946,408</u></u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
DECEMBER 31, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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 Village of Luckey, Wood County, (the Village) as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 9, 2008, 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the

Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated July 9, 2008

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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 9, 2008.

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

We intend this report solely for the information and use of management, Village Council, and federal awarding agencies. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 9, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Village Council:

Compliance

We have audited the compliance of the Village of Luckey, Wood County (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal programs. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Luckey, Wood County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to administer a federal program such that there is more than a remote likelihood that the Village's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Village's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, Village Council, and federal awarding agencies. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 9, 2008

**VILLAGE OF LUCKEY
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities, CFDA #10.760 Congressionally Mandated Projects, CFDA #66.202
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Revised Code §5705.41(D) states that no subdivision 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. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

**FINDING NUMBER 2007-001
(Continued)**

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

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

Amounts of 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 Village.

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 Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. 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.

For seventy-two percent of the transactions tested, prior certification was not obtained nor was a then and now certificate utilized. Certification is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Council. Also, the Council did not establish the amounts for the blanket certificates issued, as required by law.

To improve controls over disbursements, we recommend all Village non-payroll disbursements receive prior certification of the fiscal officer and the amount of the certification be completed on the purchase order. When prior certification is not possible, a Then and Now Certificate should be executed. In addition we recommend the Council set a limit for blanket purchase orders.

Officials Response:

The Village implemented the UAN accounting system in July 2007 which will assist the Clerk-Treasurer in improving compliance.

3. FINDINGS FOR FEDERAL AWARDS

None

**VILLAGE OF LUCKEY
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Revised Code 5705.41(D), the Clerk-Treasurer did not certify the availability of funds for expenditure.	No	Not Corrected. Repeated as Finding 2007-001 in this report.
2005-002	The financial reports provided to Village Council monthly were too vague for effective monitoring.	Yes	



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 12, 2008**