



Dave Yost • Auditor of State

VILLAGE OF LUCKEY
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2015	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2014	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Summary Schedule of Prior Audit Findings	18

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Luckey, Wood County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Luckey, Wood County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 21, 2016

**VILLAGE OF LUCKEY
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$52,014	\$27,132		\$79,146
Municipal Income Tax	232,383			232,383
Intergovernmental	7,501	48,732		56,233
Special Assessments		13,810		13,810
Charges for Services	69,998			69,998
Fines, Licenses and Permits	6,616			6,616
Earnings on Investments	207	22		229
Miscellaneous	7,205			7,205
<i>Total Cash Receipts</i>	<u>375,924</u>	<u>89,696</u>		<u>465,620</u>
Cash Disbursements				
Current:				
Security of Persons and Property	70,624	36,863		107,487
Leisure Time Activities	7,275			7,275
Community Environment	51,995			51,995
Basic Utility Services	74,927			74,927
Transportation		30,287		30,287
General Government	60,262			60,262
Capital Outlay			\$55,293	55,293
Debt Service:				
Principal Retirement		4,125		4,125
<i>Total Cash Disbursements</i>	<u>265,083</u>	<u>71,275</u>	<u>55,293</u>	<u>391,651</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>110,841</u>	<u>18,421</u>	<u>(55,293)</u>	<u>73,969</u>
Other Financing Receipts (Disbursements)				
Transfers In			46,747	46,747
Transfers Out	(46,747)			(46,747)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(46,747)</u>		<u>46,747</u>	
<i>Net Change in Fund Cash Balances</i>	64,094	18,421	(8,546)	73,969
<i>Fund Cash Balances, January 1</i>	<u>189,780</u>	<u>139,684</u>	<u>\$157,939</u>	<u>487,403</u>
Fund Cash Balances, December 31				
Restricted		158,105		158,105
Committed			149,393	149,393
Assigned	94,994			94,994
Unassigned	158,880			158,880
<i>Fund Cash Balances, December 31</i>	<u>\$253,874</u>	<u>\$158,105</u>	<u>\$149,393</u>	<u>\$561,372</u>

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$238,984
Operating Cash Disbursements	
Personal Services	15,567
Employee Fringe Benefits	3,264
Contractual Services	11,873
Supplies and Materials	8,618
<i>Total Operating Cash Disbursements</i>	39,322
<i>Operating Income</i>	199,662
Non-Operating Receipt (Disbursements)	
Miscellaneous Receipts	151
Principal Retirement	(45,800)
Interest and Other Fiscal Charges	(102,204)
<i>Total Non-Operating Receipts (Disbursements)</i>	(147,853)
<i>Net Change in Fund Cash Balances</i>	51,809
<i>Fund Cash Balances, January 1</i>	587,514
<i>Fund Cash Balances, December 31</i>	\$639,323

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$53,031	\$31,583		\$84,614
Municipal Income Tax	217,394			217,394
Intergovernmental	7,629	45,904		53,533
Special Assessments		13,310		13,310
Charges for Services	70,547			70,547
Fines, Licenses and Permits	7,848			7,848
Earnings on Investments	479	55		534
Miscellaneous	7,631			7,631
<i>Total Cash Receipts</i>	<u>364,559</u>	<u>90,852</u>		<u>455,411</u>
Cash Disbursements				
Current:				
Security of Persons and Property	65,356	41,201		106,557
Leisure Time Activities	8,564			8,564
Community Environment	55,472			55,472
Basic Utility Services	78,996			78,996
Transportation		30,425		30,425
General Government	72,099			72,099
Capital Outlay		1,586	\$4,639	6,225
Debt Service:				
Principal Retirement		4,125		4,125
<i>Total Cash Disbursements</i>	<u>280,487</u>	<u>77,337</u>	<u>4,639</u>	<u>362,463</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>84,072</u>	<u>13,515</u>	<u>(4,639)</u>	<u>92,948</u>
Other Financing Receipts (Disbursements)				
Transfers In			40,574	40,574
Transfers Out	(40,574)			(40,574)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(40,574)</u>		<u>40,574</u>	
<i>Net Change in Fund Cash Balances</i>	43,498	13,515	35,935	92,948
<i>Fund Cash Balances, January 1</i>	<u>146,282</u>	<u>126,169</u>	<u>122,004</u>	<u>394,455</u>
Fund Cash Balances, December 31				
Restricted		139,684		139,684
Committed			157,939	157,939
Assigned	100,069			100,069
Unassigned	89,711			89,711
<i>Fund Cash Balances, December 31</i>	<u>\$189,780</u>	<u>\$139,684</u>	<u>\$157,939</u>	<u>\$487,403</u>

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$233,585</u>
Operating Cash Disbursements	
Personal Services	17,038
Employee Fringe Benefits	4,151
Contractual Services	22,179
Supplies and Materials	<u>12,279</u>
<i>Total Operating Cash Disbursements</i>	<u>55,647</u>
<i>Operating Income</i>	<u>177,938</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	431
Principal Retirement	(44,500)
Interest and Other Fiscal Charges	<u>(103,479)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(147,548)</u>
<i>Net Change in Fund Cash Balances</i>	30,390
<i>Fund Cash Balances, January 1</i>	<u>557,124</u>
<i>Fund Cash Balances, December 31</i>	<u>\$587,514</u>

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village participates in Ohio Plan Risk Management, Inc., a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Police Fund – This fund receives general property tax and related intergovernmental money to fund Village police operations.

3. Capital Project Funds

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

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

4. Enterprise Funds

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

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

2. EQUITY IN POOLED DEPOSITS

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

	2015	2014
Demand deposits	\$1,200,695	\$1,074,917

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$282,026	\$375,924	\$93,898
Special Revenue	72,590	89,696	17,106
Capital Projects	30,000	46,747	16,747
Enterprise	178,000	239,135	61,135
Total	\$562,616	\$751,502	\$188,886

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$379,845	\$311,830	\$68,015
Special Revenue	141,588	71,275	70,313
Capital Projects	85,000	55,293	29,707
Enterprise	223,482	187,326	36,156
Total	\$829,915	\$625,724	\$204,191

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$285,858	\$364,559	\$78,701
Special Revenue	77,001	90,852	13,851
Capital Projects	28,000	40,574	12,574
Enterprise	177,000	234,016	57,016
Total	\$567,859	\$730,001	\$162,142

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$384,345	\$321,061	\$63,284
Special Revenue	141,588	77,337	64,251
Capital Projects	85,000	4,639	80,361
Enterprise	232,682	203,626	29,056
Total	\$843,615	\$606,663	\$236,952

4. PROPERTY TAX

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

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Twenty percent of the tax is distributed to the Capital Improvement Fund.

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

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
2007 OPWC Loan	\$192,000	0%
2008 USDA Rural Development Loan	2,254,300	4.375-4.5%
2012 OPWC Gilbert Road Loan	24,749	0%
Total	\$2,471,049	

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

The USDA Rural Development Loan was obtained to retire an Ohio Water Development Authority (OWDA) loan that was obtained as interim financing for the sewer system improvement project. The Village repaid the OWDA loan in 2008. The USDA loan will be repaid over 40 years. The

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

Village has agreed to set utility rates sufficient to cover USDA Rural Development debt service requirements.

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

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

Year ending December 31:	2007 OPWC Loan	2008 USDA Rural Development Loan	2012 OPWC Loan
2016	\$16,000	\$129,826	\$4,125
2017	16,000	129,761	4,125
2018	16,000	129,739	4,125
2019	16,000	129,956	4,125
2020	16,000	129,798	4,125
2021-2025	80,000	650,156	4,124
2026-2030	32,000	651,159	
2031-2035		652,671	
2036-2040		654,344	
2041-2045		656,607	
2046-2048		395,326	
Total	<u>\$192,000</u>	<u>\$4,309,343</u>	<u>\$24,749</u>

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OP&F participants contributed 10.75% of their wages until July 1, 2014, 11.5% of their wages until July 1, 2015, and then contributed 12.25% of their wages. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine

**VILLAGE OF LUCKEY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Luckey, Wood County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated November 21, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

November 21, 2016

**VILLAGE OF LUCKEY
WOOD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Material Weakness

Accurate financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The fiscal year 2015 and 2014 financial statements contained errors, such as the following.

- Municipal Income Tax receipts totaling \$22,397 were posted as Intergovernmental revenue in the General Fund in 2014.
- Homestead and Rollback revenues were posted as Property Tax receipts in the amount of \$4,041 in the Special Revenue Fund in 2015 instead of as Intergovernmental revenue.
- Principal Retirement payments on the OPWC Gilbert Road project in the amount of \$4,125 were posted to Transportation expense in the Special Revenue Fund in both 2015 and 2014.
- Reclassifications of fund balance, as the result of GASB 54, were necessary in both years in the General Fund, fund balance totaling \$94,994 and \$100,069 in 2015 and 2014, respectively, were reclassified from Unassigned to Assigned.
- Reclassifications of fund balance, as the result of GASB 54, were necessary in both years in the Capital Improvements Fund; fund balance totaling \$149,393 and \$157,939 in 2015 and 2014, respectively, were reclassified from Restricted to Committed.

The Village lacked a policy regarding financial review which contributed to these posting errors, occurring without detection. Adjusting entries were posted to the financial statements and the Village's financial records to correct these errors.

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

Officials' Response:

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

**VILLAGE OF LUCKEY
WOOD COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Material weakness due to errors in financial reporting.	Not corrected and reissued as Finding 2015-001 in this report.	Recurrence occurred due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. Village Council will perform detailed reviews of financial information to ensure monies are properly posted.



Dave Yost • Auditor of State

VILLAGE OF LUCKEY

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 22, 2016