

CITY OF PIQUA, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2007

**Prepared by:
Department of Finance
Cynthia A. Holtzapple, Director**



Mary Taylor, CPA
Auditor of State

Members of the City Commission
City of Piqua
201 West Water Street
Piqua, Ohio 45356

We have reviewed the *Independent Auditor's Report* of the City of Piqua, Miami County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Piqua is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 11, 2008

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INTRODUCTORY SECTION

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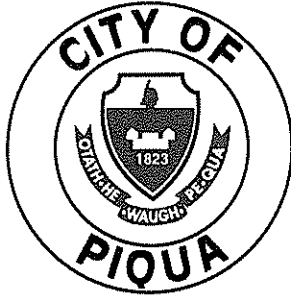
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FINANCE DEPARTMENT

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June 23, 2008

Honorable Mayor Thomas D. Hudson, City Commission Members
and Citizens of the City of Piqua, Ohio:

This Comprehensive Annual Financial Report is for the year ended December 31, 2007. We believe this report, prepared by the Department of Finance, presents financial and operating information about the City's activities during the year that should be useful to citizens, taxpayers and investors. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief the enclosed data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

Reporting Entity

This report includes all funds of the City. The City provides a full range of services including police and fire protection, parks, recreation and cultural facilities, street maintenance, health programs, planning, zoning and general governmental services. In addition, the City owns and operates business-type activities, with the major ones consisting of a power system, a sewer system, a water system and a waste disposal system.

Piqua, founded in 1807, celebrated its Bicentennial in 2007. Piqua operates and is governed by the laws of the State of Ohio and its own charter which was adopted by the electorate in 1929. The Charter provides for a commission-manager form of government. Legislative authority is vested in a five-member commission. All members are elected from wards for four-year terms and serve in a part-time capacity. The Commission determines compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriations and borrowings, licensing and regulating of businesses and trades, and other municipal purposes. The City's Chief Executive and Administrative Officer is the City Manager who is appointed by the City Commission.

Local Economic Conditions and Outlook

The City of Piqua is a community (2000 Census 20,738) in Miami County, located in the west central part of the state, twenty-five miles north of Dayton. Inter and intra state highways I-75, Route 36 and Route 66 serve as the City's major transportation arteries. Edison Community College, with over 3000 students, is located on the east side of the city.

The City does not depend on one firm for local employment; as many as six corporations employ in excess of 300 people each, lending to the City's diversification. The City has four industrial parks with plenty of room for expansion. The City's emphasis on economic retention and development are significant factors affecting



the future economic strength of the community. Promoting Piqua as a good place for all types of businesses, new and existing, will continue to be one our highest priorities.

Major Initiatives

Current Year Projects: During 2007 the City continued efforts to enhance and expand services provided to local residents.

The City continued supporting the Future Piqua Strategic Plan recommendations, including public access television and a quarterly community newsletter (financial support is shared between the City and the Chamber of Commerce).

The City is continuing its commitment to provide assistance to low and moderate income property owners by continuing its eighth round of a Federal Comprehensive Housing Improvement Program in which local housing rehabilitation loans totaling \$4,010,732 were given to some 313 qualified low and moderate income property owners. During 2007, the City completed the seventh round and started the eighth round of CHIP grants by awarding an additional twenty-four families \$418,000 in housing and mortgage assistance. The current CHIP grant will also provide Habitat for Humanity with \$40,000 for new construction and an additional \$96,700 for rehabilitation of rental properties.

The following significant events took place in 2007:

- Completion and update of a city-wide comprehensive plan for future development of the City of Piqua.
- Commencement of the County Road 25-A reconstruction project.
- Additional funding of the historic Piqua Hotel restoration and development.
- Continued redevelopment of the City's downtown and surrounding areas. This redevelopment includes improved signage, sidewalks, brick pavers, traffic signals, and streetlights.
- Continued neighborhood improvements through the Neighborhood Associations and the City's Neighborhood Improvement Team.
- Continuation of the Storm Water Infiltration Study.
- Complete study of the Water Plant.
- Sanitary sewer overflow (SSO) study of the Wastewater Plant.

Future Projects: The city anticipates the following significant events to take place in 2008:

- Begin implementation of a city-wide comprehensive plan for future development of the City of Piqua.
- Completion of the County Road 25-A reconstruction project.
- Additional funding, completion of restoration, and grand opening of the historic Piqua Hotel project.
- Continued redevelopment of the City's downtown and surrounding areas. This redevelopment includes improved signage, sidewalks, brick pavers, traffic signals, and streetlights.
- Continued neighborhood improvements through the Neighborhood Associations and City's Neighborhood Improvement Team. Host national summer youth workgroup program.
- Continuation of the Storm Water Infiltration Study.
- Complete study of the Water Plant.
- Sanitary sewer overflow (SSO) study of the Wastewater Plant.
- Wastewater Equalization Tank design, construction, and implementation.

Financial Information

Management of the City is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit: The City receives enough federal funds to require an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations." City management is responsible for ensuring that an internal control structure is in place to reasonably assure compliance with applicable federal program laws and regulations. The City's single audit includes tests to determine the adequacy of accounting and administrative controls related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. Results of the City's single audit for the fiscal year ended December 31, 2007, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary System: Detailed provisions regulating the City's budget, tax levies and appropriations are set forth in the City Charter and in the Ohio Revised Code. The City Manager is required to submit to the City Commission annually, an appropriation measure, which must be adopted by the first Commission meeting in January. The Miami County Auditor must certify that the City's appropriation measure does not exceed the amounts set forth in the County Budget Commission's Certificate of Estimated Resources.

The City maintains legal budgetary control utilizing GAAP at an object level (personnel, administrative support, operation and maintenance, capital expenditures and transfers) for all funds. Lower levels within each object level are accounted for and reported internally. Such lower levels are referred to as the suffix level. All purchases are properly approved through the legislative process or issuance of a purchase order.

Expenditures are controlled at the suffix level throughout the year and any budgetary adjustments (at the object level), if necessary, are with the approval of the City Commission.

Accounting System: The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds to be used are in accordance with GAAP and the number of individual funds established is determined by legal requirements and sound financial administration.

The City's records are maintained on modified accrual basis for all governmental and similar fiduciary fund types. Accordingly, revenues are recognized when susceptible to accrual (i.e. both measurable and available). Expenditures, other than interest on long-term debt, are recorded as liabilities when incurred. Proprietary funds utilize the accrual basis of accounting and the electric system employs the Federal Energy Commission's system of accounts. A more detailed explanation of the basis of accounting for the various funds is included in the Notes to the Combined Financial Statements, located in the Financial Section of this report.

Financial Reporting: Beginning in 2002 the City has prepared financial statements following GASB Statement 34, "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments." As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Report of Independent Accountants, providing an assessment of the City's finances for 2007. During 2006, the City implemented GASB 44, Economic Condition Reporting and a Statistical Data Section.

General Government

General Fund Revenues: The 2007 municipal income tax revenue of \$8,351,952 decreased slightly, while the Kwh tax revenues remained relatively the same. Interest revenue is up due to higher interest rates in 2007; however, is expected to drop in 2008 as rates declined. Municipal income tax revenue has stabilized through May 2008 and is expected to be comparable to 2007. In 2007, the City received an operating donation of \$335,000 to be used on the Hotel project.

General Fund Expenditures: The 2007 General Fund expenditures and other financing uses decreased 7.2% compared with 2006 as there were less community development projects completed and fewer capital assets purchased.

General Fund Balances: Current year activity contributed to a more than \$900,000 increase in the undesignated fund balance from 2006.

Business-Type Funds

The City's utility operations, consisting of a power system, a water system and a wastewater system, account for over half of the total City revenues. The City also operates smaller enterprises such as the solid refuse department, a golf course and a swimming pool.

During 2007 and 2006 the area experienced seasonal temperatures and increased moisture, returning usage and revenue to more historical levels. Utility usage and revenue in 2007 was stable and comparable to 2006 levels.

Power System: Kilowatt hours of sales increased 1.5% and total customer revenues were \$18.2 million, similar to 2005 levels. With operating costs decreasing 1%, revenues exceeded expenditures in 2005 by \$1,469,301.

The system supplies electricity to more than 11,000 accounts within its service area. The power system, established in the 1930's, purchases power from power wholesalers, while supplementing power needs with fuel oil generation. Presently, the United States E.P.A. Clean Air Standards are met by emission control equipment which became operational in 1984. The system is responsible for purchasing and generating power, transmitting and distributing electricity and providing all related services.

A long-term contract with Cinergy Corporation ensured an economical and reliable supply source for 2006. An additional 2 megawatts of Power is available from the New York Power Authority (NYPA). A twenty-year transmission agreement with the Dayton Power & Light Company guarantees supply access. Alternative contracts and projects are being considered by the Power system. During 2006, the City entered into a contract with Dayton Power & Light and AMP Ohio to provide power at an economic price through 2007.

In 2006, the City abandoned the assets of the steam distribution center and ceased operations. This resulted in special item expenses of \$432,106 at December 31, 2006.

Water System: Customer revenues of \$2.6 million were slightly higher than 2005 levels. Operating expenses also remained at 2005 levels. Net income was \$524,269 due to a large capital contribution received in 2006. More than 8,800 accounts are serviced by Piqua's municipal water system.

Wastewater System: System revenues remained at levels of the previous year and expenses were up \$156,476 generating a net profit of \$6,624 in 2006.

Cash Management

Currently, the City's policy is to minimize market and credit risks while maintaining a competitive yield on its portfolio. The market risk is minimized by utilizing a computerized cash projection system that assists the planning for future cash needs. The credit risk is minimized by investments with large and liquid financial institutions or in guaranteed U.S. Treasury obligations. Accordingly, deposits are insured by federal depository insurance or collateralized with U.S. Treasury obligations at 105% and held by City agents.

During 2007, the City's return on average investment balances equaled 4.5% an increase from the 2006 level of 3.9%.

Risk Management

In 2002, the City entered into a joint insurance pool with other local cities to protect the City's assets. This jointly governed organization continues to provide real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public officials' liability coverage.

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

Employee health care, life insurance and numerous small specialty policies are insured through commercial carriers. Oversight responsibilities belong to the City's Human Resources Director.

The Independent Audit

Piqua's City Charter requires an annual audit of the financial statements of the City by an independent auditor. The 2007 audit was completed by Kennedy, Cottrell, Richards and represents the twenty-eighth consecutive year that an independent firm has performed the City's financial audit. All State of Ohio compliance and federal grant audit requirements are included as part of the independent annual engagement. See page 10 of the Financial Section of this report for their unqualified opinion.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the seventeenth consecutive year a Certificate of Achievement for Excellence in Financial Reporting to the City of Piqua, Ohio, for its comprehensive annual financial report for the fiscal year ended December 31, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

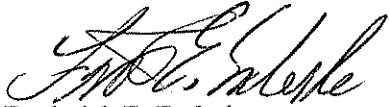
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Piqua, Ohio has received a Certificate of Achievement for seventeen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

To the many conscientious people who have contributed so much of their time and effort to the preparation of this report our sincere appreciation is extended. The Finance Department staff is commended for their commitment to professional excellence once again exemplified by the contents of this report. Timely preparation of this report was accomplished by the diligent efforts and contributions of the entire Finance Department working jointly with the engagement team representing the independent public accounting firm of Kennedy, Cottrell, Richards. Finally, contributions to the financial condition of the City of Piqua by the Mayor, members of City Commission, and Department Directors and Managers cannot be overlooked. Their support and guidance are invaluable factors necessary for the City to continue to successfully manage the financial affairs and reporting requirements of municipal government within the Piqua Community.

Respectfully submitted,



Frederick E. Enderle
City Manager



Cynthia A. Holtzapple,
Director of Finance

Department of Finance Staff: Lisa R. Cavender - Accounting Manager, Michael J. Fischbach - Accountant, Kimberly A. Maniaci, Candace L. Etter, and Beverly M. Yount

CITY OF PIQUA, OHIO

CITY OFFICIALS

Thomas D. Hudson, Mayor
Julia A. Terry, Commissioner
John J. Martin, Commissioner
Lucinda L. Fess, Commissioner
William D. Vogt, Commissioner

CITY MANAGER

Frederick E. Enderle

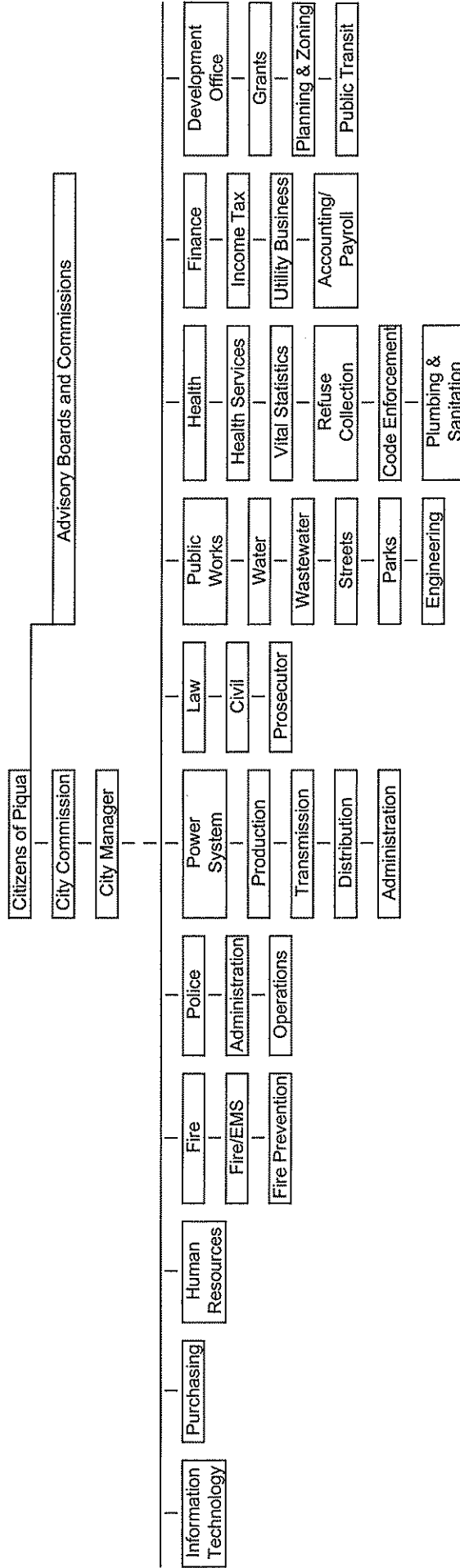
INDEPENDENT AUDITORS

Kennedy Cottrell Richards

CITY OF PIQUA, OHIO

City Organization Chart

2007



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Piqua
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Piqua, Ohio

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 City of Piqua, Miami County, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
June 23, 2008

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2007
(Unaudited)

The discussion and analysis of the City of Piqua's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City exceeded its liabilities at December 31, 2007 by \$125.4 million (net assets). Of this amount, \$33.3 million is considered unrestricted. The unrestricted net assets of the City's governmental activities are \$20.2 million and may be used to meet the government's on-going obligations. The unrestricted net assets of the City's business-type activities are \$13.1 million and may be used to meet the on-going obligations of the City's business-type activities, including the water, wastewater, refuse, and electricity enterprises.
- The City's total net assets increased by \$6.8 million in 2007. Net assets of the governmental activities increased \$6.6 million, which represents a 12 percent increase from 2006.
- The total cost of the City's programs increased \$7.45 million or 19.5 percent. The cost of governmental activities increased \$750,000 or 5.2 percent, while the cost of business-type activities increased \$6.7 million or 28.3 percent.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$19.9 million. The combined governmental funds fund balance increased \$4.6 million from the prior year's ending fund balance. Approximately \$8.6 million of the \$19.9 million fund balance is considered unreserved at December 31, 2007.
- The general fund reported a fund balance of \$16.6 million at the end of the current fiscal year. The unreserved fund balance for the general fund was \$6.7 million or 40.4 percent of total general fund expenditures (including transfers out). There was a \$4 million increase in the total general fund balance for the year ended December 31, 2007.
- The City had \$.6 million more in debt at December 31, 2007 than at December 31, 2006.
- Total costs of services increased by almost \$750,000, while net costs of services decreased by over \$800,000 for governmental activities.

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2007
(Unaudited)

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Piqua's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Assets and the Statement of Activities (on pages 23-24) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail and start on page 25. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City of Piqua as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two types of activities:

- **Governmental Activities** – Most of the City's programs and services are reported here, including general government, public safety, street and maintenance, parks and recreation, and community development. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The City's electric, water, refuse, wastewater, golf and municipal pool activities are reported here.

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2007
(Unaudited)

Reporting the City of Piqua's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 25 and provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Funds are established to help control and manage money for particular purposes or to show that the City is meeting legal responsibilities for using certain taxes, grants, and other money. The City of Piqua's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. On the government-wide statements, these funds are reported using the accrual method of accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements, using a modified accrual system of accounting, provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements or on an accompanying schedule.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Piqua uses enterprise funds to account for its electric, water, refuse, wastewater services, golf and municipal pool. Internal service funds are an accounting method used to accumulate and allocate costs internally among the City's various functions. The City of Piqua uses an internal service fund to account for its information technology and self-insurance activities. As these activities predominantly benefit governmental rather than business-type functions, they are shown within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, wastewater, and refuse systems as well as golf and municipal pool, which are considered to be major funds of the City. Proprietary funds are reported in the Statement of Net Assets and the Statement of Activities.
- *Fiduciary funds* – Funds used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements as the resources of those funds are not available to support the City's own programs.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 through 51 of this report.

CITY OF PIQUA, OHIO
Management's Discussion and Analysis
For The Year Ended December 31, 2007
(Unaudited)

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budget. The City adopts an annual appropriation budget for its general fund and other major funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget. Required supplementary information can be found on pages 52 through 57 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 58 through 73 of this report.

The City of Piqua as a Whole

Recall that the analysis of the Statement of Net Assets looks at the City as a whole. One of the most important questions to consider is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information to help answer this question. The Net Asset statement shows the difference between assets and liabilities, which is one way to measure the City's financial position. As reviewed over time, increases or decreases in the City's net assets are an indicator of whether the City's financial health is improving or deteriorating. However, other non-financial factors must also be considered such as changes in the property tax base of the city, the condition of the City's roads and neighborhoods, and the reputation of the public schools in order to assess the overall health of the City. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities for both 2007 and 2006.

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 29,181,660	\$ 23,191,282	\$ 16,404,972	\$ 16,569,469	\$ 45,586,632	\$ 39,760,751
Capital assets	42,778,139	39,213,085	57,143,971	57,639,045	99,922,110	96,852,130
<i>Total assets</i>	<i>71,959,799</i>	<i>62,404,367</i>	<i>73,548,943</i>	<i>74,208,514</i>	<i>145,508,742</i>	<i>136,612,881</i>
Long-term debt	6,549,043	4,711,559	8,110,571	9,309,375	14,659,614	14,020,934
Other liabilities	3,470,412	2,410,693	2,026,059	1,608,905	5,496,471	4,019,598
<i>Total liabilities</i>	<i>10,019,455</i>	<i>7,122,252</i>	<i>10,136,630</i>	<i>10,918,280</i>	<i>20,156,085</i>	<i>18,040,532</i>
Net assets:					-	-
Invested in capital assets, net of debt	41,254,589	36,547,835	50,298,375	49,706,237	91,552,964	86,254,072
Restricted by Legislation	33,231	34,665	727	8,910	33,958	43,575
Restricted by Debt Covenants	394,825	384,176	50,000	50,000	444,825	434,176
Unrestricted	20,257,699	18,315,439	13,063,211	13,525,087	33,320,910	31,840,526
<i>Total net assets</i>	<i>\$ 61,940,344</i>	<i>\$ 55,282,115</i>	<i>\$ 63,412,313</i>	<i>\$ 63,290,234</i>	<i>\$ 125,352,657</i>	<i>\$ 118,572,349</i>

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(Unaudited)

The amount by which the City's assets exceed its liabilities is called net assets. At year-end, the City's net assets were \$125.4 million compared to \$118.5 million in 2006, an increase of \$6.9 million.

Of that amount, in 2007 approximately \$91.6 million (73%) was invested in capital assets, net of debt related to those assets. At year-end 2006 that amount was approximately \$86.2 million (72.7%). The largest portion of the City's net assets (73%) reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, vehicles, and infrastructure), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During 2007, the City loaned \$4.3 million to the Piqua Investment Fund, LLC and \$1.7 million to the Fort Piqua Redevelopment Corporation for the Fort Piqua Hotel restoration project. The loan is for a period of thirty years making these funds unavailable for use in the near future.

For 2007 another \$.5 million (.03%) was subject to legislative and external restrictions upon its use. The remaining \$33.3 million (26.6%) in 2007 was unrestricted and available for future use. For 2006 \$.5 million (.04%) was subject to external restrictions and \$31.8 million (26.8%) was unrestricted.

At the end of the current year, the City of Piqua is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Our total net assets of the City's governmental activities increased \$6.7 million during the current year, primarily due to the increase in assets mentioned above. Unrestricted net assets increased by \$1.9 million, while restricted net assets increased slightly by \$9,000, reflecting their use in designated ways.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year.

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Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for Services	\$ 1,449,072	\$ 2,104,506	\$ 28,887,742	\$ 25,700,610	\$ 30,336,814	\$ 27,805,116
Operating Grants/Contributions	2,301,314	3,208,242	2,548	261	2,303,862	3,208,503
Capital Grants/Contributions	3,978,896	859,305	726,507	688,466	4,705,403	1,547,771
General revenues:						
Property Taxes	1,466,214	1,505,317			1,466,214	1,505,317
Income Taxes	8,351,952	8,611,614			8,351,952	8,611,614
Other Taxes	3,813,396	4,262,639			3,813,396	4,262,639
Investment Earnings & Misc.	679,639	584,639	730,055	603,404	1,409,694	1,188,043
Total Revenues	22,040,483	21,136,262	30,346,852	26,992,741	52,387,335	48,129,003
Program Expenses						
General Government	2,891,558	2,252,448			2,891,558	2,252,448
Public Safety	7,878,066	7,784,475			7,878,066	7,784,475
Street and Maintenance	3,168,720	2,855,826			3,168,720	2,855,826
Parks and Recreation	702,284	741,577			702,284	741,577
Community Development	343,948	617,750			343,948	617,750
Interest on long-term debt	197,747	184,603			197,747	184,603
Electric			22,477,649	15,844,446	22,477,649	15,844,446
Wastewater			2,831,444	2,998,639	2,831,444	2,998,639
Water			2,754,437	2,564,675	2,754,437	2,564,675
Refuse			1,440,545	1,429,689	1,440,545	1,429,689
Golf			729,467	710,890	729,467	710,890
Pool			191,162	171,160	191,162	171,160
Total Expenses	15,182,323	14,436,679	30,424,704	23,719,499	45,607,027	38,156,178
Increase (Decrease) in Net Assets before Transfers & Proceeds	6,858,160	6,699,583	(77,852)	3,273,242	6,780,308	9,972,825
Specialty Item	-	-	-	(432,106)	-	(432,106)
Transfers	(199,931)	(197,103)	199,931	197,103	-	-
Increase(Decrease) in Net Assets	\$ 6,658,229	\$ 6,502,480	\$ 122,079	\$ 3,038,239	\$ 6,780,308	\$ 9,540,719
Net Assets Beginning	55,282,115	48,779,635	63,290,234	60,251,995	118,572,349	109,031,630
Net Assets Ending	\$ 61,940,344	\$ 55,282,115	\$ 63,412,313	\$ 63,290,234	\$ 125,352,657	\$ 118,572,349

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Governmental Activities

Governmental activities increased the City's net assets by \$6,658,229, in 2007 as compared to an increase of \$6,502,480 during 2006, thereby accounting for 12 percent of growth in total net assets. Total revenues increased by \$904,221 due to increased billing of EMS services and increased capital grants. Our program expenses increased by \$745,644 due to increased street maintenance, infrastructure projects, restructuring of the law department and fewer community development projects.

Several types of revenues fund our governmental activities with city income tax being the largest contributor. The income tax revenue for 2007 was \$8,351,952 compared to \$8,611,614 in 2006 a decrease of 3.0 percent. The City's income tax rate was 1.75 percent for 2007, the same as the prior year. Both residents of the City and non-residents who work inside the City are subject to the income tax. However, if residents work in a locality that has a municipal income tax, the City provides 100 percent credit up to 1.75 percent for those who pay income tax to another city.

General revenues from other taxes, such as Kilowatt-hour tax, Hotel/Motel tax and Local Government Funds, are also revenue generators and in 2007, we received amounts lower than in 2006 due to the current state of the local economy. With the combination of property tax, income tax, intergovernmental funding and investment earnings, all expenses in the governmental activities are funded. The City monitors its source of revenues very closely for fluctuations.

For the most part, increases in expenses closely parallel inflation and growth in the demand for services. The largest program function for the City relates to Public Safety, which accounts for 51.9 percent of total program expenses. Street and Maintenance accounts for 20.9 percent of total program expenses, while General Government accounts for 19 percent. General Government cost of services increased due to adding a full time Law Department, the comprehensive plan process and replacement of personnel. Cost of services decreased in the areas of parks and recreation and community development as fewer projects were completed since less grants were available.

The Statement of Activities reports the expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be subsidized by general revenues. The following table summarizes the net cost of each program:

Table 3
Government Activities

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2007	2006	2007	2006	2007	2006
General Government	\$ 2,891,558	\$ 2,252,448	\$ 2,324,912	\$ 4,002,531	\$ 566,646	(\$1,750,083)
Public Safety	7,878,066	7,784,475	931,051	647,124	6,947,015	7,137,351
Street and Maintenance	3,168,720	2,855,826	4,002,472	905,032	(833,752)	1,950,794
Parks and Recreation	702,284	741,577	30,173	32,716	672,111	708,861
Community Development	343,948	617,750	440,674	584,650	(96,726)	33,100
Interest on long-term debt	197,747	184,603	-	-	197,747	184,603
Total	\$ 15,182,323	\$ 14,436,679	\$ 7,729,282	\$ 6,172,053	\$ 7,453,041	\$8,264,626

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Business-Type Activities

The Business-Type activities of the City, which include the City's Electric, Wastewater, Water and Refuse operations as well as Golf and Pool activities, increased the City's net assets by \$122,079 in 2007.

Table 4
Business-type Activities

	Total Cost of Services		Program Revenues		Net Revenue (Expense) from Operations	
	2007	2006	2007	2006	2007	2006
Electric	\$ 22,477,649	\$ 15,844,446	\$ 21,135,872	\$ 18,197,298	\$ (1,341,777)	\$ 2,352,852
Wastewater	2,831,444	2,998,639	2,730,716	3,005,263	(100,728)	\$ 6,624
Water	2,754,437	2,564,675	3,502,803	3,088,945	748,366	524,270
Refuse	1,440,545	1,429,689	1,530,335	1,408,455	89,790	(21,234)
Golf	729,467	710,890	627,962	600,003	(101,505)	(110,887)
Pool	191,162	171,160	89,109	89,373	(102,053)	(81,787)
Total	\$ 30,424,704	\$ 23,719,499	\$ 29,616,797	\$ 26,389,337	\$ (807,907)	\$ 2,669,838

For 2007 the Water and Refuse utilities had operating revenues in excess of expenses, while the Electric and Wastewater utilities had operating expenses in excess of generated revenues. Golf and Pool activity funds had expenses in excess of revenues of \$203,558 in 2007 as compared to \$192,674 in 2006.

The City's Funds

Information about the City's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues in 2007 of \$21.7 million compared to \$20.9 million in 2006. All governmental funds had expenditures in 2007 of \$19.3 million compared to \$15.5 million in 2006. The most significant fund is our general fund, which had an unreserved fund balance at year-end of \$6.7 million in 2007 compared to \$8.5 million in 2006. The General fund accounts for such activities as Police and Fire protection, and parks and recreation along with city administration. Within the General fund, revenues exceeded expenditures by \$2,347,218 in 2007 as compared to \$5,302,463 in 2006. The funds are monitored consistently with adjustments made to the budgets to accommodate yearly revenues.

Within the Street Maintenance Fund, revenues exceeded expenditures by \$364,480 in 2007 as compared to \$604,373 in 2006. Unreserved fund balance at year-end was \$1.4 million in 2007 as compared to \$1 million in 2006. Fund balance increases were planned in anticipation of street maintenance needs in 2008.

Within the Street Levy Construction Fund, revenues exceeded expenditures by \$337,250 in 2007 compared to \$142,943 in 2006. Unreserved fund balance at year-end was \$384,273 in 2007 as compared to \$410,922 in 2006. The City was able to maintain a similar fund balance for use on planned construction projects in 2008.

Information about the Business-Type Funds starts on the Statement of Activities on page 24. These funds are accounted for on an accrual basis. All business type funds had operating revenues of \$28.6 million in 2007 and \$25.7 million in 2006. Operating expenses were \$30 million in 2007 and \$23.8 million in 2006.

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The enterprise fund balances increased \$36,296 with the Electric fund decreasing \$.8 million based on a planned rate stabilization program, Water increasing \$.8 million due to investment in capital assets and Refuse \$.1 million based on increased rates. The other fund balances were similar to 2006. The City is consistent with reviews of these funds, and the necessary adjustments are made to ensure strength in our enterprise funds.

General Fund Budgetary Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant governmental budgeted fund is the General Fund. The Commission is provided with a detailed line item budget for all departments and after a discussion at a regularly held commission meeting, which is open to the public; the budget is adopted at an object level by City commission. Within each object, appropriations can be transferred between line items with the approval of the Finance Director and the respective department head. The Commission must approve any revisions in the budget that alter the object level totals or the total appropriations for any department or fund. During the course of fiscal 2007, the City amended its general fund budget at the middle and end of the fiscal year. The General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

For the 2007 general fund, original budgeted revenues were \$13.2 million. The final budgeted revenue amount was \$13.2 million. Actual revenues were \$13.3 million. For the 2006 general fund, original budgeted revenues were \$11 million. The final budgeted revenue amount was \$15.3 million. Actual revenues collected were \$15.4 million. The increase in actual revenues over budget was due to a higher municipal income tax, an unanticipated year end reimbursement and larger operating contributions.

For 2007, original general fund appropriations were budgeted at \$17.4 million. Final budgeted appropriations were \$17.7 million. Actual expenditures were \$11 million. This decrease was due to lower than expected personnel costs, general government operating expenditures and hotel investment costs. For 2006, original general fund appropriations were budgeted at \$11 million. Final budgeted appropriations were \$14.7 million. Actual expenditures were \$10.1 million. This decrease was due to lower than expected personnel and general government operating expenditures.

Capital Asset and Debt Administration

Table 5
Capital Assets at December 31
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities	
	2007	2006	2007	2006
Land and Land Improvements	\$ 4,127,748	\$ 4,124,548	\$ 1,413,930	\$ 1,436,170
Infrastructure Land	888,581	888,581		
Construction in Progress	5,584,586	1,658,238	823,932	829,705
Buildings and Improvements	9,281,577	9,511,310	20,112,791	21,049,796
Furniture, Fixtures and Equipment	2,826,989	2,950,427	32,945,207	32,367,506
Infrastructure	20,068,658	20,079,981		
Intangible Assets			1,848,111	1,955,868
Total Capital Assets	\$ 42,778,139	\$ 39,213,085	\$ 57,143,971	\$ 57,639,045

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Total Capital Assets for the City of Piqua for the year ended December 31, 2007 were \$99,922,110, an increase of \$3,069,980 over 2006. Additions in 2007 were \$2,818,091 more than in 2006. The City is committed to a long-term goal of meeting the needs of its infrastructure and facilities. Additional information concerning the City's capital assets can be found in Note G of the financial statements.

Debt

At December 31, 2007, the City of Piqua had \$.6 million more in debt at \$11.3 million compared to \$10.7 million in debt outstanding at December 31, 2006.

Table 6
Outstanding Debt at December 31

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
General Obligation Bonds	\$ 1,455,000	\$ 1,898,347	\$ 2,960,745	\$ 3,634,555
Taxable Revenue Bonds	\$ 2,400,000			
Pension Bonds	355,000	375,000		
Special Assessment Bonds	124,250	136,089		
Shawnee Bridge Improvement Notes	-	149,000		
OWDA Loans	-		3,971,061	4,401,095
Capital Lease	68,551	106,815		-
Total	\$ 4,402,801	\$ 2,665,251	\$ 6,931,806	\$ 8,035,650

The General Obligation Bonds in Governmental Activities are primarily for the construction of the municipal government complex in 2001. This general obligation bond issue is paid through the General Obligation Bond Retirement Debt Service Fund with property tax revenues and transfers from various funds. The Pension Bonds are paid with property tax revenues.

The General Obligation Bonds in Business-type Activities are comprised of various obligations in the City's Enterprise funds including Electric system, Water, Wastewater and Golf Course improvements. They are paid from the operating revenues generated in each enterprise.

During 2003, \$5.2 million of General Obligation Bonds related to the Electric system and the Golf Course were refinanced resulting in lower interest rates for both issuances.

During 2007, the City issued Taxable Revenue Bonds of \$2.4 million to help finance the Hotel restoration project. The bonds are paid through the General Fund.

The Special Assessment Bonds are paid from the collection of special assessments by the County Auditor from the specific property owners who primarily benefited from the projects.

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During 2005, the Street Funds borrowed internally from the Electric Fund for the Shawnee Bridge reconstruction. A portion of the loan was repaid during 2005 with the remaining balance of \$149,000 paid in 2007.

The Ohio Water Development Authority ("OWDA") Loans are paid semi-annually from wastewater revenues. Additional funds were borrowed in 2005 and 2006 to help fund the City's new hydropillar water tower.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10.5 percent of total assessed valuation. The City's overall legal debt margin was \$37,234,966 on December 31, 2007.

Additional information concerning the City's debt can be found in Note H of the financial statements.

Current Financial Related Activities

The City of Piqua is financially strong. In addition, the City of Piqua's systems of budgeting and internal controls are well regarded and the City is well prepared to meet the challenges of the future.

The City anticipates the following significant events to take place in 2008:

- Begin implementation of a city-wide comprehensive plan for future development of the City of Piqua.
- Completion of the County Road 25-A reconstruction project.
- Additional funding, completion of restoration, and grand opening of the historic Piqua Hotel.
- Continued redevelopment of the City's downtown and surrounding areas. This redevelopment includes improved signage, sidewalks, brick pavers, traffic signals, and streetlights.
- Continued neighborhood improvements through the Neighborhood Associations and City's Neighborhood Improvement Team. Host national summer youth workgroups.
- Continuation of the Storm Water Infiltration Study.
- Complete study of the Water Plant.
- Sanitary sewer overflow (SSO) study of the Wastewater Plant.
- Wastewater Equalization Tank design, construction, and implementation.

The City of Piqua has committed itself to financial excellence. The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence for the seventeen consecutive years.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Cynthia A. Holtzapple, CPA, Director of Finance, City of Piqua, 201 West Water Street, Piqua, Ohio 45356, (937) 778-2065.

CITY OF PIQUA, OHIO

**STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	<u>Government Activities</u>	<u>Business Type Activities</u>	<u>Total Activities</u>
ASSETS:			
Equity in pooled cash and cash equivalents	\$ 9,768,487	\$ 8,166,063	\$ 17,934,550
Equity in pooled investments	2,474,830	3,704,391	6,179,221
Accounts receivable	5,817,427	3,662,470	9,479,897
Allowance for Bad Debts		(327,671)	(327,671)
Interfund balances	(247,462)	247,462	-
Inventories	-	840,393	840,393
Prepaid items and other assets	126,897	111,864	238,761
Cash with fiscal agent	1,000,000		1,000,000
Loans receivable, net of allowance	10,241,481		10,241,481
Capital assets not being depreciated	10,600,915	1,476,954	12,077,869
Capital assets being depreciated, net	32,177,224	55,667,017	87,844,241
Total assets	<u>71,959,799</u>	<u>73,548,943</u>	<u>145,508,742</u>
LIABILITIES:			
Accounts payable	427,505	1,868,335	2,295,840
Salary and benefits payable	596,912	141,756	738,668
Other accruals	26,471	12,888	39,359
Unearned revenue	2,419,524	3,080	2,422,604
Long-term debt:			
Due within one year	1,347,977	1,444,187	2,792,164
Due in more than one year	5,201,066	6,666,384	11,867,450
Total liabilities	<u>10,019,455</u>	<u>10,136,630</u>	<u>20,156,085</u>
NET ASSETS:			
Invested in capital assets, net of related debt	41,254,589	50,298,375	91,552,964
Restricted by: legislation	33,231	727	33,958
Restricted by: debt covenants	394,825	50,000	444,825
Unrestricted	20,257,699	13,063,211	33,320,910
Total net assets	<u>61,940,344</u>	<u>63,412,313</u>	<u>125,352,657</u>
Total liabilities and net assets	<u>\$ 71,959,799</u>	<u>\$ 73,548,943</u>	<u>\$ 145,508,742</u>

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES:							
General government	\$ 2,891,558	\$ 465,664	\$ 1,859,248	\$ -	\$ (566,646)	\$ -	\$ (566,646)
Public safety	7,878,066	909,784	19,748	1,519	(6,947,015)	-	(6,947,015)
Streets and maintenance	3,168,720	28,295	-	3,974,177	833,752	-	833,752
Parks and recreation	702,284	25,355	1,618	3,200	(672,111)	-	(672,111)
Community development	343,948	19,974	420,700	-	96,726	-	96,726
Interest on long term debt	197,747	-	-	-	(197,747)	-	(197,747)
Total governmental activities	<u>15,182,323</u>	<u>1,449,072</u>	<u>2,301,314</u>	<u>3,978,896</u>	<u>(7,453,041)</u>	<u>-</u>	<u>(7,453,041)</u>
BUSINESS-TYPE ACTIVITIES:							
Electric	22,477,649	21,135,872	-	-	-	(1,341,777)	(1,341,777)
Wastewater	2,831,444	2,715,642	-	15,074	-	(100,728)	(100,728)
Refuse	1,440,545	1,530,335	-	-	-	89,790	89,790
Water	2,754,437	2,791,370	-	711,433	-	748,366	748,366
Golf	729,467	625,414	2,548	-	-	(101,505)	(101,505)
Municipal Pool	191,162	89,109	-	-	-	(102,053)	(102,053)
Total business-type activities	<u>30,424,704</u>	<u>28,887,742</u>	<u>2,548</u>	<u>726,507</u>	<u>-</u>	<u>(807,907)</u>	<u>(807,907)</u>
Total	<u>\$ 45,607,027</u>	<u>\$ 30,336,814</u>	<u>\$ 2,303,862</u>	<u>\$ 4,705,403</u>	<u>\$ (7,453,041)</u>	<u>\$ (807,907)</u>	<u>\$ (8,260,948)</u>
GENERAL REVENUES:							
Property taxes					1,466,214	-	1,466,214
State shared taxes					2,522,305	-	2,522,305
Income tax					8,351,952	-	8,351,952
Locally levied taxes					1,291,091	-	1,291,091
Investment earnings					661,171	730,055	1,391,226
Miscellaneous					18,468	-	18,468
Total general revenues					<u>14,311,201</u>	<u>730,055</u>	<u>15,041,256</u>
Transfers, in (out)					<u>(199,931)</u>	<u>199,931</u>	<u>-</u>
Change in net assets					<u>6,658,229</u>	<u>122,079</u>	<u>6,780,308</u>
Total net assets:							
Beginning of year					<u>55,282,115</u>	<u>63,290,234</u>	<u>118,572,349</u>
End of year					<u>\$ 61,940,344</u>	<u>\$ 63,412,313</u>	<u>\$ 125,352,657</u>

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

ASSETS	General Fund	Street Maintenance	Street Levy Construction	Debt Service	Other Governmental	Total Governmental
Equity in pooled cash and cash equivalents	\$3,710,447	\$1,110,818	\$555,276	\$270,107	\$249,490	\$5,896,138
Equity in pooled investments	1,554,934	48,961	-	124,252	-	1,728,147
Accounts receivable	4,014,955	841,622	312,566	222,452	416,170	5,807,765
Interfund receivable	195,835	-	-	-	-	195,835
Inventories	-	-	-	-	-	-
Prepaid items and other assets	6,437	-	-	-	-	6,437
Cash with fiscal agent	-	-	1,000,000	-	-	1,000,000
Loans Receivable, net of allowance	9,791,096	-	-	-	450,385	10,241,481
Total Current Assets	19,273,704	2,001,401	1,867,842	616,811	1,116,045	24,875,803
Total Assets	19,273,704	2,001,401	1,867,842	616,811	1,116,045	24,875,803
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable	\$ 173,391	\$ 109,328	\$ 16,385	\$ -	\$ 2,895	\$ 301,999
Interfund payable	-	-	-	-	195,835	195,835
Salaries and benefits	559,710	24,751	-	-	5,956	590,417
Accruals	1,620	-	-	-	-	1,620
Total Current Liabilities	734,721	134,079	16,385	-	204,686	1,089,871
LONG-TERM LIABILITIES:						
Restricted deposits	12,598	-	-	-	-	12,598
Deferred revenue	1,925,693	383,383	1,057,382	221,986	241,090	3,829,534
Total Long Term Liabilities	1,938,291	383,383	1,057,382	221,986	241,090	3,842,132
Total Liabilities	2,673,012	517,462	1,073,767	221,986	445,776	4,932,003
FUND BALANCES						
Reserved for encumbrances	101,769	50,166	409,802	-	104,055	665,792
Reserved for debt service	-	-	-	394,825	-	394,825
Reserved for non-current loans	9,791,096	-	-	-	450,385	10,241,481
Reserved by legislation	33,231	-	-	-	-	33,231
Unreserved reported in:						
General Fund	6,674,596	-	-	-	-	6,674,596
Special revenue funds	-	1,433,773	384,273	-	115,829	1,933,875
Total fund balances	16,600,692	1,483,939	794,075	394,825	670,269	\$ 19,943,800
Total liabilities and fund balance	\$ 19,273,704	\$ 2,001,401	\$ 1,867,842	\$ 616,811	\$ 1,116,045	

Amounts reported for governmental activities in the Statement of Net Assets (page 23) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	\$ 42,778,139
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,410,010
The following long-term liabilities are not due and payable in the current period and therefore are not reported as expenditures in the funds	
Capital leases, bonds and notes payable	(4,402,802)
Sick leave benefits	(2,133,643)
Accrued interest on bonds payable	(24,851)
Internal service funds are used to charge the costs of certain activities, such as the city's self funded health care costs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets	4,369,691
Net assets of governmental activities	<u>\$ 61,940,344</u>

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General Fund	Street Maintenance	Street Levy Construction	Debt Service	Other Governmental	Total Governmental
REVENUES:						
Municipal income tax	\$ 5,808,640	\$ 1,268,892	\$ 1,183,386	\$ -	\$ -	\$ 8,260,918
Property taxes	1,143,595	-	-	62,310	260,309	1,466,214
State shared revenues	1,476,738	1,009,958	-	-	43,471	2,530,167
Locally levied taxes	1,291,091	-	-	-	-	1,291,091
Licenses and permits, fees	1,067,820	2,225	-	-	3,039	1,073,084
Grants: capital	1,519	-	3,974,177	-	-	3,975,696
Grants: operating	1,537,912	-	-	-	416,865	1,954,777
Investment income	369,970	45,836	27,410	38,675	10,726	492,617
Increase in fair market value of investments	11,814	257	-	-	-	12,071
Donations:						
Capital	3,200	-	-	-	-	3,200
Operating	345,837	-	-	-	700	346,537
Other fines, rents, and reimbursements	256,438	25,430	-	-	43,915	325,783
Total revenues	13,314,574	2,352,598	5,184,973	100,985	779,025	21,732,155
EXPENDITURES:						
General government administration	1,694,424	-	-	-	-	1,694,424
Public safety	7,500,895	-	-	-	175,500	7,676,395
Public health	455,574	-	-	57,533	8,312	521,419
Street repairs and maintenance	4,955	1,720,972	495,604	-	-	2,221,531
Parks and recreation	633,438	-	-	-	-	633,438
Community planning and development	266,457	-	-	-	278,515	544,972
Other	-	-	-	3,731	75,115	78,846
Debt principal payment	-	-	149,000	534,457	-	683,457
Debt interest payment	-	-	8,582	184,333	-	192,915
Capital costs	411,613	267,146	4,194,537	-	219,955	5,093,251
Total expenditures	10,967,356	1,988,118	4,847,723	780,054	757,397	19,340,648
Excess (deficiency) of revenues over expenditures	2,347,218	364,480	337,250	(679,069)	21,628	2,391,507
OTHER FINANCING SOURCES (USES):						
Issuance of debt	2,400,000	-	-	-	21,007	2,421,007
Disposal of capital assets	12,840	5,628	-	-	-	18,468
Transfers, in	-	-	-	689,718	-	689,718
Transfers, out	(793,326)	(53,852)	-	-	(42,471)	(889,649)
Total other financing sources (uses)	1,619,514	(48,224)	-	689,718	(21,464)	2,239,544
Net change in fund balance	3,966,732	316,256	337,250	10,649	164	4,631,051
Fund balance-beginning of year	12,633,960	1,167,683	456,825	384,176	670,105	15,312,749
Fund balance-end of year	\$ 16,600,692	\$ 1,483,939	\$ 794,075	\$ 394,825	\$ 670,269	\$ 19,943,800

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2007

Total net change in fund balances Governmental funds	\$ 4,631,051
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays (\$5,093,251) exceed depreciation expense(\$1,511,237)	3,582,014
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds: (State shared taxes (7,862), Income taxes 91,034, Ems billings 43,457)	126,629
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	683,457
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Vacation and sick leave benefits	(96,784)
Interest payable	(4,831)
Proceeds from the issuance of bonds, capital lease or other debt instruments are not considered revenues on the Statement of Activities	(2,421,007)
The net book value of assets retired (the difference of original cost (\$298,785) and accumulated depreciation (\$293,257) is not recorded on the Governmental Fund Statements, but is recorded as a expense on the Statement of Activities	(5,528)
An Internal Service Fund is used by management to charge the cost of certain activities such as the city's self insured health care to individual funds. The net revenue (expense) of the internal service fund related to governmental activities is reported with governmental activities	163,228
Change in the net assets of governmental activities on the statement of activities	<u>\$ 6,658,229</u>

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2007**

ASSETS	Electric	Wastewater	Refuse	Water	Golf	Municipal Pool	Total	Governmental Activities - Internal Service Funds
Current assets:								
Equity in pooled cash and cash equivalents	\$ 6,494,455	\$ 672,223	\$ 218,432	\$ 743,021	\$ 35,504	\$ 2,428	\$ 8,166,063	\$ 3,872,349
Equity in pooled investments	3,206,472	248,958	100,000	148,961	-	-	3,704,391	746,683
Accounts receivable	2,658,690	404,587	207,112	392,068	13	-	3,662,470	9,662
Interfund receivable	-	-	-	-	-	-	-	-
Allowance for uncollectible accounts	(196,706)	(52,051)	(27,780)	(51,134)	-	-	(327,671)	-
Inventories	680,316	-	-	142,623	17,454	-	840,393	-
Prepaid items and other assets	22,858	2,096	-	700	-	-	25,654	-
Total Current Assets	12,866,085	1,275,813	497,764	1,376,239	52,971	2,428	16,071,300	120,460
Noncurrent assets:								
Capital assets not being depreciated								
Land	68,661	33,775	17,949	162,293	370,344	-	653,022	-
Construction in process	523,252	239,030	-	61,650	-	-	823,932	-
Capital assets being depreciated								
Plant and equipment in service, net	32,412,451	10,291,298	235,796	11,007,421	1,353,059	366,992	55,667,017	118,305
Total Capital Assets	33,004,364	10,564,103	253,745	11,231,364	1,723,403	366,992	57,143,971	118,305
Deferred bond issuance costs	35,160	15,814	-	-	33,541	1,695	86,210	-
Total Noncurrent Assets	33,039,524	10,579,917	253,745	11,231,364	1,756,944	368,687	57,230,181	118,305
Total Assets	\$ 45,905,609	\$ 11,855,730	\$ 751,509	\$ 12,607,603	\$ 1,809,915	\$ 371,115	\$ 73,301,481	\$ 4,867,459

See accompanying notes to the basic financial statements

Continued

CITY OF PIQUA, OHIO

**BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2007**

LIABILITIES	Electric	Wastewater	Refuse	Water	Golf	Municipal		Total	Governmental Activities - Internal Service Funds
						Pool	Funds		
Current liabilities:									
Accounts payable	\$ 1,619,808	\$ 76,988	\$ 60,444	\$ 107,244	\$ 3,031	\$ 820		\$ 1,868,335	\$ 125,506
Interfund payable	-	-	-	-	-	-		-	-
Salaries and benefits	58,656	26,720	15,254	29,604	11,522	-		141,756	6,495
Accrued vacation, personal, and sick leave	243,719	69,826	30,252	123,146	8,957	-		475,900	14,018
Accruals and prepaid memberships	5,779	-	-	-	9,728	461		15,968	-
Current portion of long term debt	360,000	373,642	-	114,645	114,240	5,760		968,287	-
Total Current Liabilities	2,287,962	547,176	105,950	374,639	147,478	7,041		3,470,246	146,019
Long-term liabilities:									
Accrued vacation, personal, and sick leave	350,908	160,025	52,710	123,361	15,861	-		702,865	42,913
Long term Debt	1,124,115	2,633,074	-	849,700	1,291,509	65,121		5,963,519	-
Total Long-Term Liabilities	1,475,023	2,793,099	52,710	973,061	1,307,370	65,121		6,666,384	42,913
Total Liabilities	3,762,985	3,340,275	158,660	1,347,700	1,454,848	72,162		10,136,630	188,932
NET ASSETS									
Invested in capital assets, net of related debt	31,555,409	7,573,201	253,745	10,267,019	351,195	297,806		50,298,375	118,305
Restricted by legislation	-	-	-	-	-	727		727	-
Restricted by debt covenants	-	50,000	-	-	-	-		50,000	-
Unrestricted	10,587,215	892,254	339,104	992,884	3,872	420		12,815,749	4,560,222
Total Net Assets	42,142,624	8,515,455	592,849	11,259,903	355,067	298,953		63,164,851	4,678,527
Total Liabilities and Net Assets	\$ 45,905,609	\$ 11,855,730	\$ 751,509	\$ 12,607,603	\$ 1,809,915	\$ 371,115		\$ 4,867,459	
Adjustment to consolidate the internal service fund activities								247,462	
Total net assets per the government-wide Statement of Net Assets								\$ 63,412,313	

See accompanying notes to the basic financial statements

Concluded

CITY OF PIQUA, OHIO

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Business-type Activities						Governmental Activities- Internal Service Funds
	Electric	Wastewater	Refuse	Water	Golf	Municipal Pool	
OPERATING REVENUES:							
Customer services	\$ 20,826,806	\$ 2,667,285	\$ 1,504,103	\$ 2,675,141	\$ 617,673	\$ 89,096	\$ 28,380,104
Penalty charges	156,287	31,169	18,480	30,552	-	-	236,488
Total operating revenues	20,983,093	2,698,454	1,522,583	2,705,693	617,673	89,096	28,616,592
OPERATING EXPENSES:							
Fossil fuels used for production	25,361	-	-	-	-	-	25,361
Purchased power	17,004,689	-	-	-	-	-	17,004,689
Salaries and employee benefits	1,639,881	945,739	468,235	1,142,279	301,256	84,305	4,581,695
Depreciation	1,628,270	943,305	28,620	383,162	84,745	37,477	3,105,579
Materials and supplies	395,248	62,174	32,086	146,040	138,577	30,652	804,777
Utilities	5,548	110,308	2,322	176,997	42,138	9,568	346,881
Outside services	914,773	285,293	771,239	320,949	15,568	4,556	2,312,378
Billing costs	389,971	205,027	82,553	243,196	-	-	920,747
Chemicals	-	5,760	-	184,372	39,933	10,476	240,541
Other	415,413	78,086	55,490	115,491	38,294	10,677	713,451
Total operating expenses	22,419,154	2,635,692	1,440,545	2,712,486	660,511	187,711	30,056,099
Operating income (loss)	(1,436,061)	62,762	82,038	(6,793)	(42,838)	(98,615)	(1,439,507)
NON-OPERATING REVENUES(EXPENSES):							
Interest on debt	(58,495)	(195,752)	-	(41,951)	(68,956)	(3,451)	(368,605)
Interest income	505,812	57,859	11,809	45,985	6,049	612	628,126
Net (decrease) in fair market value of investments.	27,075	1,299	521	778	-	-	29,673
Other, net	147,097	14,382	6,077	82,518	7,708	(159)	257,623
Grants capital	-	15,074	-	671,751	-	-	686,825
Donated capital	-	-	-	39,682	-	-	39,682
Donations operating	-	-	-	-	2,548	-	2,548
Net non-operating revenues (expenses)	621,489	(107,138)	18,407	798,763	(52,651)	(2,998)	1,275,872
Transfers, in	-	-	-	-	139,000	60,931	199,931
Change in net assets	(814,572)	(44,376)	100,445	791,970	43,511	(40,682)	36,296
Total net assets-beginning of year	42,957,196	8,559,831	492,404	10,467,933	311,556	339,635	4,429,520
Total net assets-end of year	\$ 42,142,624	\$ 8,515,455	\$ 592,849	\$ 11,259,903	\$ 355,067	\$ 298,953	\$ 4,678,527
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							85,783
Change in net assets of business-type activities							\$ 122,079

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Business-type Activities						Total	Governmental Activities- Internal Service Funds
	Electric	Wastewater	Refuse	Water	Golf	Pool		
OPERATING ACTIVITIES:								
Cash received for services	\$ 20,957,579	\$ 2,680,303	\$ 1,512,321	\$ 2,771,164	\$ 631,681	\$ 89,096	\$ 2,710,000	
Cash paid to suppliers for goods or services	(18,568,649)	(742,865)	(948,804)	(1,199,696)	(277,351)	(67,993)	(2,476,960)	
Cash paid to employees for services	(2,035,646)	(928,898)	(453,941)	(1,139,155)	(309,147)	(83,014)	(4,949,801)	
Net cash provided by (used in) operating activities	353,284	1,008,540	109,576	432,313	45,183	(61,911)	1,886,985	
NONCAPITAL FINANCING ACTIVITIES:								
Transfers, in	-	-	-	-	139,000	60,931	-	
Transfers, out	-	-	-	-	-	-	-	
Net cash provided by (used in) noncapital financing activities	-	-	-	-	139,000	60,931	-	
CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from issuance of bonds and notes	-	-	-	-	-	-	-	
Principal paid on bonds and notes	(344,779)	(486,751)	-	(156,256)	(110,901)	(5,154)	(1,103,841)	
Interest paid on bonds and notes	(59,501)	(196,749)	-	(42,199)	(69,330)	(3,468)	(371,247)	
Acquisition and construction of capital assets	(1,327,176)	(400,724)	-	(266,924)	(16,350)	-	(2,011,174)	
Disposals of capital assets	112,285	1,862	-	(3,197)	109	20	111,079	
Net cash provided by (used in) capital & related financing activities	(1,619,171)	(1,082,362)	-	(468,576)	(196,472)	(8,602)	(3,375,183)	
INVESTING ACTIVITIES:								
Purchases of investment securities	(1,598,500)	(199,813)	(99,906)	(99,906)	-	-	(1,998,125)	
Proceeds from sale or maturity of investment securities	2,812,000	200,000	100,000	100,000	-	-	3,212,000	
Interest received	522,908	59,100	12,477	46,556	6,048	612	647,701	
Net cash provided by (used in) investing activities	1,736,408	59,287	12,571	46,650	6,048	612	1,861,576	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	470,521	(14,535)	122,147	10,387	(6,241)	(8,970)	573,309	
CASH AND CASH EQUIVALENTS - Beginning of year	6,023,934	686,758	96,285	732,634	41,745	11,398	7,592,754	
CASH AND CASH EQUIVALENTS - End of year	\$ 6,494,455	\$ 672,223	\$ 218,432	\$ 743,021	\$ 35,504	\$ 2,428	\$ 8,166,063	
OPERATING INCOME (LOSS)	\$ (1,436,061)	\$ 62,762	\$ 82,038	\$ (6,793)	\$ (42,838)	\$ (98,615)	\$ 20,310	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Depreciation	1,628,270	943,305	28,620	383,162	84,745	37,477	3,105,579	
(Increase)/Decrease in Accounts Receivable	(194,784)	(38,035)	(16,547)	(34,040)	(13)	-	(283,419)	
(Increase)/Decrease in Inventory	(38,215)	-	-	(6,090)	4,646	-	(39,659)	
(Increase)/Decrease in Prepaids	(731)	(67)	-	(23)	-	-	(821)	
Increase/(Decrease) in Accounts Payable	340,901	7,776	(2,434)	(9,431)	(6,593)	(753)	329,466	
Increase/(Decrease) in Accrued Wages and Benefits	(102,165)	12,748	11,614	(4,501)	(8,677)	-	(90,981)	
(Increase)/Decrease in Deferred Revenues	-	-	-	-	464	(15)	449	
Net (Increase)/Decrease in Other Operating Net Assets	156,069	20,051	6,285	110,029	13,449	(5)	305,878	
Net cash provided by (used in) operating activities	\$ 353,284	\$ 1,008,540	\$ 109,576	\$ 432,313	\$ 45,183	\$ (61,911)	\$ 1,886,985	
SUPPLEMENTAL INFORMATION:								
Noncash activities:								
Change in fair value of investments	\$ 27,075	\$ 1,299	\$ 521	\$ 778	\$ -	\$ -	\$ 29,673	
Contribution of capital assets	\$ -	\$ 15,074	\$ -	\$ 693,544	\$ -	\$ -	\$ 710,618	

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007**

ASSETS:	<u>Mayor Wilson Centennial Trust</u>	<u>Agency Funds</u>
Equity in pooled cash and cash equivalents	\$ 452	\$ 19,957
Total Assets	<u>\$ 452</u>	<u>\$ 19,957</u>
 LIABILITIES:		
Withholdings payable		\$ 19,731
Undistributed monies		<u>226</u>
Total Liabilities		<u>\$ 19,957</u>
 NET ASSETS		
Held in trust for other purposes	<u>\$ 452</u>	

**STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

ADDITIONS	
Interest income	<u>\$ 22</u>
Total additions	<u>\$ 22</u>
Change in net assets	\$ 22
Total net assets-beginning of year	<u>\$ 430</u>
Total net assets-end of year	<u>\$ 452</u>

See accompanying notes to the basic financial statements

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity—The City of Piqua, Ohio, (the “City”) was incorporated in 1823 and operates under a Commission-Manager form of government. The following services are provided by the City: public safety (police and fire), highways and streets, electricity, water, wastewater, refuse, parks and recreation, public improvements, planning and zoning and general governmental administrative services.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

BASIS OF PRESENTATION

Government-Wide Statements—The statement of net assets and the statement of activities display information about the primary government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported through taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. The government-wide financial statements do not include the assets and liabilities of the City’s fiduciary funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or a function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements—The fund financial statements provide information about the City’s funds. Separate statements for each fund category—governmental and business type—are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

General Fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with government, which are not required to be accounted for in another fund.

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Street Maintenance Fund—This fund accounts for the portion of gasoline tax and motor vehicle license fees restricted for maintenance of streets.

Street Levy Construction Fund—This fund accounts for a .25% levied income tax restricted for the specific purpose of street construction.

Debt Service Funds are used to account for the resources received and used to pay principal and interest on long-term general obligation debt of governmental funds. Revenues and financing resources are derived primarily from property taxes.

Enterprise Funds (Business type funds) are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City reports the following major enterprise funds: electric, water, wastewater, refuse, golf, and municipal pool.

The City, in its business type funds, accounts for all recurring type revenues, including all revenues, which the City controls through statutory pricing or regulatory authority, as operating revenue and all recurring type expenses as operating expense. Non-recurring revenues such as gains on sales of assets and revenues over which the City has minimal or no control, primarily interest earnings, are accounted for as nonoperating revenues. Interest expense and other non-recurring expenses over which the City has minimal or no control are reported as non-operating expense.

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities and information technology functions. Because these activities predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Fiduciary Fund Types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organization, other governments, and/or other funds. The City reports the following agency and/or trust funds: Unclaimed funds, Employee flexible spending fund, and Mayor Wilson centennial trust fund.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

Government-wide and business type fund financial statements measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains and losses using the economic resources measurements focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are accounted for using a current financial resources measurement focus and are reported on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available. "Measurable" means the amount of the transaction can be

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determined and “available” means collectible within the current period or soon enough thereafter to use to pay liabilities of the current period which, for the City’s purposes, is considered to be 60 days after year end. Revenues considered susceptible to accrual are community development block grants, delinquent property taxes, income taxes, kwh taxes, hotel/motel taxes, franchise fees, emergency service billings, and interest on investments. Property taxes levied before year end are not recognized as revenue until the next calendar year. The fiscal period for which property taxes are levied at year-end in the State of Ohio is the succeeding calendar year.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on unmatured general long-term debt, and on special assessment indebtedness collateralized by special assessment levies, which are recognized when payment is due. Inventory and prepaid expenditures are recognized when used. A portion of the fund balance is reserved in governmental funds for the amount of inventory and prepaid expenditures.

Pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, are followed in both the government-wide and business type fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent FASB guidance for their business-type activities and enterprise funds, subject to this same limitation; however, the City has elected not to follow subsequent FASB guidance.

Encumbrances—The City utilizes encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures, which are not yet complete, are recorded as encumbrances. Encumbrances outstanding at year-end are reported as a reservation of fund balance since they do not constitute expenditures or liabilities.

Cash and Cash Equivalents and Investments—City funds are pooled and invested to improve cash management. Each fund type’s portion of the pool is shown on the Statement of Net Assets as “cash and cash equivalents” and “investments”. For purposes of the statement of cash flows, the business type funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City’s investment policy authorizes the City to invest in obligations of the United States Government, or other investments where the principal and interest are collateralized by the full faith and credit of the United States Government, and bonds of other states, cities and political subdivisions.

Receivables—Receivables primarily consist of municipal income taxes, state shared revenue taxes, property taxes, kwh taxes, hotel/motel taxes, franchise fees, emergency service billings, and utility charges.

Inventory—Inventory is valued at average cost. The business type fund inventories are capitalized or expensed when used.

Prepaid Expenses—Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid items.

Capital Assets—Capital assets are recorded based on historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value at the date

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of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The City defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Buildings	34 – 50 years
Land improvements other than buildings	25 – 75 years
Machinery and equipment	10 – 30 years
Vehicles	7 – 10 years
Computer equipment	5 years
Public domain infrastructure	45 years
Rolling stock	5 years
Sewer and water lines and underground piping	34 – 50 years

Reserves and Designations—Reserves are portions of fund equity not appropriable for expenditures/expenses or are legally segregated for a specific future use, or both. Designations are tentative plans for financial resource use in a future period. Such plans or intent are subject to change. They may never be legally authorized or result in expenditure/expense.

Use of Estimates—The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Deferred Revenue— Pertains to the City’s adoption of Bulletin 96-013 from the Auditor of State which deals with the recognition of entitlements and state shared revenues, as well as locally levied, income and estate taxes.

Grants and Other Intergovernmental Revenues—Federal grants, assistance awards made on the basis of entitlement periods, are recorded as intergovernmental receivables and revenues when entitlement occurs and other reimbursement-type grants are recorded as intergovernmental receivables and revenues when eligible expenditures/expenses are incurred.

Compensated Absences—City employees are granted vacation, personal and sick leave. These leave benefits are accrued as a liability using the vesting method. The liability is based on the leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as leave accumulated by those employees expected to become eligible to receive termination benefits in the future. In the event of termination, an employee may be reimbursed for accumulated vacation, personal and sick leave at various rates based on years of service. Vested vacation, personal, and sick leave is recorded as an expense in the government-wide statements for the period in which the leave was earned. For governmental fund type employees, an expenditure is recorded in the governmental funds’ statements for only the portion of vested vacation, personal and sick leave that is expected to be liquidated with expendable available resources in accordance with Interpretation No. 6 of the Governmental Accounting Standards Board-Recognition and Measurement of Certain Liabilities and Expenditure in Government Fund Financial Statements.

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Vested vacation, personal, and sick leave is recorded as an expense in both the government wide statements and statements for all business type funds. Payment of vacation, personal and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. Management believes that sufficient resources will be made available when payment is due.

B. POOLED CASH DEPOSITS AND INVESTMENTS

In 2005, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 40 "Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3."

Deposits—Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

At December 31, 2007, the carrying amount of the City's deposits was \$1,507,038 while the balance as shown by the bank statements was \$1,754,193. As of December 31, 2007 \$1,643,248 of the City's bank balance was exposed to custodial risk as discussed above, while \$110,945 was covered by Federal Deposit Insurance.

Investments—The ORC, the City's charter, and the City's investment policy authorize the City to invest in the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, repurchase agreements, United States treasury bills and notes, notes issued by United States agencies, bankers' acceptances and commercial paper of the highest rating. All investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company but does operate in a manner similar to rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the pool's share price, which is the price for which the investment could be sold for on December 31, 2007.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a failure of a depository institution or counterparty to a transaction, the City will be unable to recover the value of deposits, investments or collateral securities in the possession of an outside party. Except in regards to repurchase agreements, the City's investment policy does not address custodial credit risk. At December 31, 2007, all investments were registered in the name of the City.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates between the U.S. Dollar and foreign currencies could adversely affect an investment's fair value. The City does not have a formal investment policy regarding foreign currency risk. The City had no exposure to foreign currency risk at year end.

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Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The City does not have a formal investment policy regarding exposure to credit risk. The City’s exposure to credit risk, based on both Moody’s and Standard & Poor’s Credit Ratings, is as follows:

<u>Investment Type</u>	<u>Quality Rating</u>	<u>Fair Value</u>
City of Piqua Bonds	Non-Rated	\$ 479,252
U.S. Government Agency Obligations	AAA	5,699,969
STAR Ohio	AAAm	<u>16,443,776</u>
Total		<u>\$22,622,997</u>

Concentration of Credit Risk – Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by lack of diversification. The following table includes the percentage to total of each investment type held by the City at December 31, 2007.

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
City of Piqua Bonds	\$ 479,252	2.11%
FHLB	3,800,558	16.80%
FNMA	1,899,411	8.40%
STAR Ohio	<u>16,443,776</u>	<u>72.69%</u>
Total	<u>\$22,622,997</u>	<u>100.00%</u>

Except for investments in U.S. Treasury and STAR Ohio, no more than 15% of the City’s total investment portfolio will be invested in a single security type or with a single financial institution. Contrary to the City’s policy, the City maintained greater than 15% of its investment portfolio in FHLB securities at December 31, 2007.

Interest Rate Risk – Interest rate risk is the risk that an interest rate change could adversely affect an investment’s fair value. According to the City’s investment policy, the maximum maturity for any single security may not exceed 5 years.

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>			<u>Total Fair Value</u>
	<u>Less than 1</u>	<u>1 - 5</u>	<u>Greater than 5</u>	
City of Piqua Bonds & Notes	\$ 52,854	\$ 159,794	\$ 266,604	\$ 479,252
FHLB	1,800,558	2,000,000	-	3,800,558
FNMA	1,899,411	-	-	1,899,411
STAR Ohio	<u>16,443,776</u>	-	-	<u>16,443,776</u>
Total	<u>\$20,196,599</u>	<u>\$2,159,794</u>	<u>\$ 266,604</u>	<u>\$22,622,997</u>

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C. PROPERTY TAXES

Property tax revenues include amounts collected for all real, public utility and tangible (used in business) property located in the City. Property taxes are levied each January 1 on the assessed value listed as of the prior January 1. Assessed values are established by the County Auditor for real and public utility property at 35% of appraised market value, and for tangible property at 25% of appraised market value (excluding the first \$10,000 of value). Property values are required to be updated every three years and revalued every six years. A revaluation was completed in 2001.

The property tax calendar is as follows:

Levy date	January 1, 2006
Lien date	January 1, 2007
Tax bill mailed	January 20, 2007
First installment payment due	February 20, 2007
Second installment payment due	July 20, 2007

The assessed values for the City at January 1, 2007 were as follows:

Real estate	\$ 301,859,760
Tangible personal property	<u>52,758,960</u>
Total	<u>\$ 354,618,720</u>

The County Treasurer collects property taxes on behalf of taxing districts, including the City of Piqua. The County Auditor periodically remits to the City its portion of taxes collected. Property taxes may be paid on either an annual or semiannual basis. Although total property tax collections for the next fiscal year are measurable, amounts to be received are not available at December 31, 2007, nor are they intended to finance 2007 operations. Therefore, the City has recorded property taxes receivable with a corresponding amount as deferred revenue.

Ohio law prohibits taxation of property in excess of \$10 per \$1,000 (10.0 mills) of assessed value without a vote of the citizens. The City's share is currently \$3.70 (3.7 mills) of assessed value. In 2007, the City also received an additional 0.60 mills to fund the Pension Refunding Bonds, and 0.10 mills for costs of the Miami Conservancy District.

House Bill 66 phases out the tax on tangible personal property. The tax is phased out by reducing the assessment rate on the property each year. In the first five years, the City is fully reimbursed for the lost revenue. Reimbursements to the City are then phased out in the following seven years.

D. INCOME TAXES

The City levies a 1.75% income tax on all income earned within the City. Income tax in excess of 1% is voter approved. Income tax is allocated by fund in accordance with voter and commission authorizations. In addition, City residents pay City tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities.

Employers within the City withhold income tax on employee compensation and remit payments at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

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E. OTHER TAXES

The caption "State Shared Taxes" on the Statement of Activities is comprised of taxes levied by the State or the County and distributed to the City. The components of the number are as follows:

Estate taxes	\$ 104,266
Local government revenue assistance	1,159,064
Gasoline taxes	720,691
Vehicle license taxes	267,723
Miscellaneous other taxes	<u>270,561</u>
	<u>\$ 2,522,305</u>

The City has two locally issued taxes; a KWH tax totaling \$1,222,524 which is recognized based upon sales of electrical services, and a hotel/motel tax totaling \$68,567 which is recognized based upon 3% of gross receipts.

F. RECEIVABLES

Governmental receivables at year end, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investment, accounts and notes receivable. Loans receivable represent an economic development loan in the amount of \$10,233,303 for the restoration of the historic Fort Piqua Hotel into a library and conference/banquet center; and real estate second mortgages which are partially forgivable over five to fifteen year periods netted by an estimated allowance for forgiveness or amounts uncollectible. The real estate second mortgages are \$844,044 with an estimated allowance for forgiveness of \$835,866.

Business type receivables at year end consisted primarily of billed and unbilled utility revenues, and interest receivable on investments.

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G. CAPITAL ASSETS

A summary of changes in general capital assets is as follows:

	Beginning Balance	Increases	Decreases	Construction In Process Placed in Service	Ending Balance
Capital assets not being depreciated:					
Land and licenses	\$ 4,124,548	\$ 3,200	-	\$ -	\$ 4,127,748
Infrastructure land	888,581	-	-	-	888,581
Construction in progress	<u>1,658,238</u>	<u>4,480,530</u>	<u>-</u>	<u>(554,182)</u>	<u>5,584,586</u>
Assets not depreciated	<u>6,671,367</u>	<u>4,483,730</u>	<u>-</u>	<u>(554,182)</u>	<u>10,600,915</u>
Capital assets being depreciated:					
Buildings and improvements	11,295,569	13,501	-	-	11,309,070
Furniture, fixtures and equipment	10,000,563	596,020	(298,896)	-	10,297,687
Infrastructure	<u>25,224,583</u>	<u>-</u>	<u>-</u>	<u>554,182</u>	<u>25,778,765</u>
Depreciated capital assets	46,520,715	609,521	(298,896)	554,182	47,385,522
Accumulated depreciation:					
Buildings and improvements	(1,784,259)	(243,234)	-	-	(2,027,493)
Furniture, fixtures and equipment	(7,050,136)	(713,890)	293,328	-	(7,470,698)
Infrastructure	<u>(5,144,602)</u>	<u>(565,505)</u>	<u>-</u>	<u>-</u>	<u>(5,710,107)</u>
Total accumulated depreciation	<u>(13,978,997)</u>	<u>(1,522,629)</u>	<u>293,328</u>	<u>-</u>	<u>(15,208,298)</u>
Net capital assets being depreciated	<u>32,541,718</u>	<u>(913,108)</u>	<u>(5,568)</u>	<u>554,182</u>	<u>32,177,224</u>
Net capital assets	<u>\$ 39,213,085</u>	<u>3,570,622</u>	<u>(5,568)</u>	<u>-</u>	<u>\$ 42,778,139</u>

* Depreciation expense was charged to governmental functions as follows:

General governmental	\$ 228,744
Public safety	263,098
Street repairs and maintenance	935,226
Parks	78,017
Community Development	<u>6,152</u>
Governmental functions depreciation expense	1,511,237
Information technology (internal service fund)	<u>11,392</u>
Total depreciation expense	<u>\$1,522,629</u>

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A summary of changes in enterprise fund capital assets is as follows:

	Beginning Balance	Increases	Decreases	Construction In Process Placed in Service	Ending Balance
Capital assets not being depreciated:					
Land and licenses	\$ 653,022	\$ -	\$ -	\$ -	\$ 653,022
Construction in progress	<u>829,705</u>	<u>1,992,253</u>	<u>-</u>	<u>(1,998,026)</u>	<u>823,932</u>
Assets not depreciated	<u>1,482,727</u>	<u>1,992,253</u>	<u>-</u>	<u>(1,998,026)</u>	<u>1,476,954</u>
Capital assets being depreciated:					
Land improvements	1,461,318	-	-	-	1,461,318
Buildings and improvements	34,653,529	42,415	-	2,700	34,698,644
Furniture, fixtures and equipment	79,148,404	687,124	(568,939)	1,995,326	81,261,915
Intangible assets	<u>2,864,835</u>	<u>-</u>	<u>(31,352)</u>	<u>-</u>	<u>2,833,483</u>
Depreciated capital assets	118,128,086	729,539	(600,291)	1,998,026	120,255,360
Accumulated depreciation:					
Land improvements	(678,170)	(22,240)	-	-	(700,410)
Buildings and improvements	(13,603,733)	(982,120)	-	-	(14,585,853)
Furniture, fixtures and equipment	(46,780,898)	(2,015,352)	479,542	-	(48,316,708)
Intangible assets	<u>(908,967)</u>	<u>(85,867)</u>	<u>9,462</u>	<u>-</u>	<u>(985,372)</u>
Total accumulated depreciation	<u>(61,971,768)</u>	<u>(3,105,579)</u>	<u>489,004</u>	<u>-</u>	<u>(64,588,343)</u>
Net capital assets being depreciated	<u>56,156,318</u>	<u>(2,376,040)</u>	<u>(111,287)</u>	<u>1,998,026</u>	<u>55,667,017</u>
Net capital assets	<u>57,639,045</u>	<u>(383,787)</u>	<u>(111,287)</u>	<u>-</u>	<u>57,143,971</u>

* Depreciation expense was charged to enterprise functions as follows:

Electric	\$ 1,628,270
Wastewater	943,305
Refuse	28,620
Water	383,162
Golf	84,745
Municipal Pool	<u>37,477</u>
Total depreciation expense	<u>\$ 3,105,579</u>

Capitalized interest was included in capital additions in 2006 in the amount of \$41,190. There was no capitalized interest for the fiscal year 2007.

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Notes to the Basic Financial Statements
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H. LONG-TERM LIABILITIES

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

Long-term liability activity for the year ended December 31, 2007 was as follows:

	Maturity Dates	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:						
Public improvement G.O. bonds, 3.0%-6.2%	12/1/2007	\$ 13,347	\$ -	\$ 13,347	\$ -	\$ -
Building facility bonds, 5.97%	12/1/2010	<u>1,885,000</u>		<u>430,000</u>	<u>1,455,000</u>	<u>455,000</u>
Total governmental general obligation bonds		1,898,347		443,347	1,455,000	455,000
Taxable revenue bonds, 7.12%	12/1/2017	-	2,400,000	-	2,400,000	190,000
Capital lease (Note I)	7/9/2009	106,815		38,264	68,551	39,742
Special assessment bonds, 9% (See note below)*	12/15/2018	136,089	21,007	32,846	124,250	32,854
Shawnee Bridge Improvement Notes 2.88%	6/23/2007	149,000		149,000	-	-
Compensated absences		2,032,119	591,851	490,326	2,133,644	610,381
Restricted deposits		14,189	4,099	5,690	12,598	-
Other—Pension refunding bonds, 6.25%	12/01/2020	<u>375,000</u>		<u>20,000</u>	<u>355,000</u>	<u>20,000</u>
Total governmental long-term liabilities		<u>\$ 4,711,559</u>	<u>\$3,016,957</u>	<u>\$ 1,179,473</u>	<u>\$ 6,549,043</u>	<u>\$ 1,347,977</u>

* Special assessment bonds mature annually on 12/15 through 2018.

Business-Type Activities:

Electric G.O. bonds, 2.0%-3.4%	11/15/2011	\$ 1,828,894	\$ -	\$ 344,779	\$ 1,484,115	\$ 360,000
Public improvement G.O. bonds, 3.0%-6.2%	12/1/2007	56,654		56,654	-	-
Wastewater G.O. Improvement bonds, 7.25%	12/1/2007	165,000		165,000	-	-
OWDA Loan-1995, 4.56%	1/1/2015	3,328,467		321,751	3,006,716	373,642
OWDA-2005, 3.5%	7/1/2015	969,274		99,763	869,511	103,285
OWDA-2006, 3.25%	7/1/2015	103,354		8,520	94,834	11,360
Recreational facility bonds G.O., 2.0%-4.1%	11/15/2018	1,584,007		107,377	1,476,630	120,000
Compensated Absences		<u>1,273,725</u>	<u>434,685</u>	<u>529,645</u>	<u>1,178,765</u>	<u>475,900</u>
Total long-term liabilities		<u>\$ 9,309,375</u>	<u>\$ 434,685</u>	<u>\$ 1,633,489</u>	<u>\$ 8,110,571</u>	<u>\$ 1,444,187</u>

The terms of the various bonds include certain covenants, which provide for, among other things, minimum debt coverage ratios, maintenance of insurance and restrictions regarding disposal of property.

The full faith and credit of the City are pledged as collateral for all General Obligation Bonds.

Ohio Water Development Authority (“OWDA 1995”) Wastewater Sewer Project Notes are issued under a cooperative agreement for construction, maintenance and operation of a state sewer project. Payments to the OWDA will be made from the utility’s revenues.

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Ohio Water Development Authority (“OWDA 2005” & “OWDA 2006”) drinking water assistance notes are issued under a cooperative agreement for construction maintenance and operation of the City’s Hydropillar Water Tower. Payments to the OWDA will be made from the utility’s revenues.

Taxable Economic Development Bonds were issued to facilitate the rehabilitation of Fort Piqua Hotel complex. Net project revenues and non tax revenues will be used for the repayment of the bonds.

The Special Assessment Bonds are held for investment by other City funds. In the event of delinquencies related to special assessment debt, the City is required to use other resources to satisfy debt service requirements.

Restricted deposits are confiscated funds held under court order until released by judicial authority.

The annual requirements to pay principal and interest on long-term obligations at December 31, 2007 are listed as follows:

Year Ending December 31	General Obligation Bonds				Notes Payable		Taxable Revenue Bonds	
	Governmental Activities		Business Type Activities		Business Type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	455,000	86,864	462,155	103,105	488,287	165,422	190,000	170,880
2009	485,000	59,700	477,155	90,385	509,538	144,171	200,000	157,352
2010	515,000	30,745	492,155	75,535	531,724	121,984	210,000	143,112
2011			507,155	59,150	554,889	98,820	220,000	128,160
2012			687,125	154,000	1,886,623	148,089	235,000	112,496
2013—2017			335,000	20,540	-	-	1,345,000	295,480
2018—2022					-	-	-	-
2023—2027					-	-	-	-
Total	<u>\$ 1,455,000</u>	<u>\$ 177,309</u>	<u>\$ 2,960,745</u>	<u>\$ 502,715</u>	<u>\$ 3,971,061</u>	<u>\$ 678,486</u>	<u>2,400,000</u>	<u>1,007,480</u>

Year Ending December 31	Pension Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
	2008	20,000	22,188	32,854
2009	20,000	20,938	28,795	8,226
2010	20,000	19,688	22,891	5,634
2011	20,000	18,438	15,965	3,574
2012	25,000	17,188	7,143	2,137
2013—2017	140,000	61,563	15,705	3,251
2018—2022	110,000	14,059	897	81
Total	<u>\$ 355,000</u>	<u>\$ 174,062</u>	<u>\$ 124,250</u>	<u>\$ 34,086</u>

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
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Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General obligation bonds	General fund, Street maintenance, Electric, Water, Wastewater, Golf, Pool, and Debt service
Pension refunding bonds	General fund and Debt service
Taxable revenue bonds	General fund and Debt service
Capital leases	Street maintenance and Debt service
Special assessment bonds	Debt service
Shawnee bridge improvement note	Street levy construction
Ohio water development authority note	Water, Wastewater, and Debt service
Restricted deposits	General Fund
Compensated absences	General Fund, Street maintenance, Community development, Electric, Water, Wastewater, Refuse, Golf, Pool, and Information technology

I. CAPITAL LEASE COMMITMENTS

The City is obligated under two leases accounted for as capital leases. The cost of the leased assets is included in the City's capital assets used in governmental activities. The original cost of the assets under capital lease was \$189,318.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2007. This amount also appears in Note H.

<u>Year ending December 31,</u>	<u>Capital Lease</u>
2008	\$ 42,221
2009	<u>29,758</u>
Total minimum lease payments	71,979
Less: amount representing interest At 3.50%-4.25%	<u>(3,428)</u>
Present value of minimum lease payments	<u>\$ 68,551</u>

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2007

J. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions among funds which caused interfund balances from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund receivable and payable balances at December 31, 2007 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 195,835	\$ -
Non-major Governmental Funds	<u>-</u>	<u>195,835</u>
	<u>\$ 195,835</u>	<u>\$ 195,835</u>

Transfers are used to move revenues; from the fund that statute or budget requires to collect them, to the fund that the statute or budget requires to expend them; or moving unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; or to provide additional resources for current operations or debt service. Interfund transfers for the year ended December 31, 2007 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General Fund	\$ -	\$ 793,326
Street Maintenance		53,852
Debt Service	689,718	
Other Governmental (non-major)	-	42,471
Proprietary		
Golf	139,000	
Municipal Pool	<u>60,931</u>	
	<u>\$ 889,649</u>	<u>\$ 889,649</u>

Transfers out of the Street Maintenance and Other Governmental funds were used to reimburse the City's debt service funds and the general fund for debt service and pension obligation costs.

K. PENSION PLAN OBLIGATIONS

Both the Ohio Police and Fire Pension Fund ("OP&F") and the Ohio Public Employees Retirement System ("OPERS") are reported using GASB Statement No. 27 "Accounting for Pensions by State and Local Governmental Employers". Substantially all City employees are covered by one of the two cost-sharing multiple-employer defined benefit pension plans, namely, the Ohio Police and Fire Pension Fund ("OP&F") or the Ohio Public Employees Retirement System ("OPERS"). The systems provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Police and Fire Disability Pension Fund Plan—Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2007

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0%, respectively for police officers and firefighters. The contribution requirements for the years ended December 31, 2007, 2006, and 2005 were \$1,417,029, \$1,403,981 and \$1,296,327, which consisted of \$968,889, \$960,379 and \$887,156 from the City and \$448,140, \$443,602, and \$409,171 from the employees, respectively, or 73% of the required contributions for 2006 and 79% of the required contributions for 2005 and 88% of the required contributions for 2004. The unpaid portion of \$251,154 is reported as liability in the respective funds.

Public Employees Retirement System—Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS (7377).

OPERS administers three separate pension plans as described below:

The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.

The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement Benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

The Ohio Revised Code also provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans (TP, MD, and CO).

Plan members are required to contribute 9.5% of their annual covered salary and the City is required to contribute 13.85%. The City's contributions to the plan for the years ending December 31, 2007, 2006 and 2005 were \$1,785,377, \$1,708,494, and \$1,574,655 respectively, equal to the required contributions for the year.

L. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Both the OPERS and the OP&F provide post-retirement health care coverage commonly referred to as an Other Post-employment Benefit (OPEB). For both systems, the Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions.

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
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Police and Firemen's Disability Pension Fund OPEB—The fund provides postretirement health care coverage to any person who receives or is eligible to receive a monthly 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 full-time or on a 2/3 basis. The Ohio Revised code provides that health care costs paid shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health care coverage to all eligible employees and is administrated as an Internal Revenue Code 401(h) account within the defined benefit pension plan. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.75% of covered payroll in 2007. Beginning in 2001, active members do not make contributions to the OPEB, all retirees and survivors make monthly health care contributions.

The number of participants eligible to receive health care benefits statewide as of December 31, 2006, the date of the last actuarial valuation available, was 14,120 for police and 10,563 for firemen. OP&F's total health care expense for the year ending December 31, 2006, the date of the last actuarial valuation available, was \$120,373,722, which was net of member contributions of \$58,532,848. The City's contributions that were used to pay post employment benefits for the year ended December 31, 2007, were \$142,397 for firefighters and \$159,900 for police.

Public Employees Retirement System OPEB— OPERS provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45. A portion of each employer's contribution to OPERS (5.5% of the total 13.85% contribution—See Note K) is set aside for the funding of post-retirement health care. The Ohio Revised Code provides the statutory authority for employer contributions and for requiring public employers to fund pension and post-retirement health care through their contributions to OPERS. The 2007 employer contribution rate for local government employer units was 13.85% of covered payroll, of which 5.50% was used to fund health care for the year.

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) - a defined contribution plan; and the Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

Actuarial Review: The assumptions and calculations below were based on the OPERS' latest actuarial review performed as of December 31, 2006.

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2007

Funding Method: The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

Assets Valuation Method: All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return: The investment assumption rate for 2006 was 6.50%.

Active Employee Total Payroll: An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care: Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 5% for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate). OPEBs are advance-funded on an actuarially determined basis. At year-end 2007, the number of active contributing participants in the Traditional and Combined Plans totaled 374,979. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. The amount of \$12.0 billion represents the actuarial value of the OPERS' net assets available for OPEB at December 31, 2006. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

The Health Care preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

M. OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

N. OHIO PROFESSIONAL FIRE FIGHTERS DEFERRED COMPENSATION PROGRAM

In addition to the Ohio Public Employees Deferred Compensation Program; the City offers its sworn fire officers an optional deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Section 457. The plan which is only available to sworn fire officers permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2007

O. CONTINGENCIES

Certain claims and suits have been filed or are pending against the City. Management believes that the liability, if any, which may result would not have a material adverse effect on the financial position of the City.

The City participates in several federally assisted programs, which are subject to program compliance audits by the grantors or their representatives. A single financial and compliance audit of the City has been completed with no findings for recovery. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes such reimbursements, if any, would not be material.

P. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. In 2002, the City joined a joint insurance pool, Miami Valley Risk Management Association, Inc. ("MVRMA") with other local cities. The pool has been operational since December 1988, and was formed in accordance with Section 2744.081 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public officials liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad-based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty-member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an executive director, who is assisted by a claims manager, a full-time loss control manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

The City pays an annual member contributions premium to MVRMA for this coverage. The agreement provides that MVRMA will be self-sustaining through member contributions premiums and the purchase of excess insurance and reinsurance. The city's deductible per occurrence for all types of claims is \$2,500. During 2007, MVRMA'S per-occurrence retention limit for property was \$200,000, with the exception of boiler and machinery for which there was a \$5,000 per occurrence retention limit. Liability had a per occurrence retention limit of \$1,000,000.

Excess insurance and/or reinsurance will cover up to the limits stated below:

General Liability (including law enforcement)	\$10,000,000 per occurrence/ excess \$1,000,000 sir
Automobile Liability	\$10,000,000 per occurrence/excess \$1,000,000 sir
Police Professional Liability	\$10,000,000 excess \$1,000,000 (\$10,000,000 aggregate per city)
Boiler and Machinery	\$100,000,000 per occurrence
Property	\$1,000,000,000 per occurrence
Flood and Earthquake	\$25,000,000 per occurrence and annual aggregate
Employment Practices Liability and Public Officials Liability	\$10,000,000 excess \$1,000,000 (\$10,000,000 annual combined aggregate per city)

CITY OF PIQUA, OHIO
Notes to the Basic Financial Statements
December 31, 2007

The City joined a workers' compensation group rating plan, which allows local governments to group the experience of employers for workers' compensation rating purposes. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

The City employee's health plan is provided through a fully insured plan with United Health Care and is accounted for and financed through an internal service fund.

During the present year and prior two fiscal years there has been significant change in coverage and there have been no claims filed which have exceeded coverage limits.

Q. RELATED PARTY DISCLOSURES

The current City Manager, Fred Enderle, is the Vice-President of the Fort Piqua Redevelopment Corporation, which is the general partner of the City of Piqua Downtown Redevelopment Project, L.P. The City of Piqua Downtown Redevelopment Project L.P. is in the process of restoring the historical Fort Piqua Hotel into a library and conference/banquet center. To date the City has loaned the project \$10,233,303 which will be funded 75% from donations, grants, and state tax credits reimbursements.

R. PURCHASED POWER

The City's electric distribution system during 2007 purchased wholesale electric power from two sources; Dayton Power and Light Company provides ten megawatts of firm power under a long term power which will expire in May 2014. Amp-Ohio provides the remaining power requirements with purchases from various sources including the New York Power Authority. During 2007 the city entered into three long term purchased power commitment contracts with Amp-Ohio. These are the Prairie State Energy Campus Project (20 megawatts), American Municipal Power Generating Station Project (20 Megawatts), and the Ohio River Hydroelectric Project (6 megawatts). These projects when completed in 2012 will provide firm power commitments through Amp-Ohio.

**REQUIRED SUPPLEMENTAL
INFORMATION**

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE-GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Municipal income tax	\$ 5,507,429	\$ 5,667,597	\$ 5,808,640	\$ 141,043
Property taxes	1,102,372	1,130,482	1,143,595	13,113
State shared revenues	1,541,778	1,594,026	1,476,738	(117,288)
Locally levied taxes	1,245,000	1,335,901	1,291,091	(44,810)
Licenses, permits, fees	832,511	984,894	1,067,820	82,926
Grants-capital	-	-	1,519	1,519
Grants-operating	1,564,792	1,432,791	1,537,912	105,121
Interest income	227,793	357,614	369,970	12,356
Increase in fair value of investments	-	-	11,814	11,814
Donations:				
Capital	-	9,030	3,200	(5,830)
Operating	160,000	339,527	345,837	6,310
Other fines, rents, and reimbursements	1,008,996	328,119	256,438	(71,681)
Total revenues	<u>13,190,671</u>	<u>13,179,981</u>	<u>13,314,574</u>	<u>134,593</u>
EXPENDITURES:				
GENERAL GOVERNMENT ADMINISTRATION:				
City building				
Personal services/administrative support	18,454	18,485	17,893	592
Operating expenditures	90,854	79,739	71,501	8,238
Capital	13,225	10,500	10,500	-
Total city building	<u>122,533</u>	<u>108,724</u>	<u>99,894</u>	<u>8,830</u>
City commission:				
Personal services/administrative support	34,863	34,610	34,531	79
Operating expenditures	38,048	39,288	31,776	7,512
Total city commission	<u>72,911</u>	<u>73,898</u>	<u>66,307</u>	<u>7,591</u>
Office of city manager:				
Personal services/administrative support	107,718	92,189	89,001	3,188
Operating expenditures	5,804	7,651	7,163	488
Total office of city manager	<u>113,522</u>	<u>99,840</u>	<u>96,164</u>	<u>3,676</u>
Purchasing department:				
Personal services/administrative support	2,816	3,606	2,350	1,256
Operating expenditures	214	193	107	86
Total purchasing department	<u>3,030</u>	<u>3,799</u>	<u>2,457</u>	<u>1,342</u>
Law department:				
Personal services/administrative support	26,761	97,488	94,620	2,868
Operating expenditures	3,390	44,669	43,613	1,056
Total law department	<u>30,151</u>	<u>142,157</u>	<u>138,233</u>	<u>3,924</u>
Finance department:				
Personal services/administrative support	141,247	141,896	137,069	4,827
Operating expenditures	9,011	9,361	7,945	1,416
Total finance department	<u>150,258</u>	<u>151,257</u>	<u>145,014</u>	<u>6,243</u>

(Continued)

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE-GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance-with Final Budget
	Original	Final		
Human resources department:				
Personal services/administrative support	8,203	8,525	22,104	(13,579)
Operating expenditures	2,834	2,824	4,852	(2,028)
Total human resources department	<u>11,037</u>	<u>11,349</u>	<u>26,956</u>	<u>(15,607)</u>
Engineering department:				
Personal services/administrative support	82,163	87,819	81,908	5,911
Operating expenditures	2,025	8,918	8,182	736
Capital	7,000	-	-	-
Total engineering department	<u>91,188</u>	<u>96,737</u>	<u>90,090</u>	<u>6,647</u>
Income tax department:				
Personal services/administrative support	191,296	183,877	160,325	23,552
Operating expenditures	166,011	153,698	139,179	14,519
Total income tax department	<u>357,307</u>	<u>337,575</u>	<u>299,504</u>	<u>38,071</u>
Planning and zoning				
Personal services/administrative support	181,756	181,756	170,467	11,289
Operating expenditures	169,740	169,815	156,850	12,965
Total planning and zoning	<u>351,496</u>	<u>351,571</u>	<u>327,317</u>	<u>24,254</u>
General government				
Operating expenditures	431,725	2,165,028	398,050	1,766,978
Capital	-	1,604	-	1,604
Total general government	<u>431,725</u>	<u>2,166,632</u>	<u>398,050</u>	<u>1,768,582</u>
Civil Service Commission				
Operating expenditures	15,195	37,599	34,007	3,592
Total civil service commission	<u>15,195</u>	<u>37,599</u>	<u>34,007</u>	<u>3,592</u>
Pro Piqua				
Operating expenditures	52,425	53,060	45,958	7,102
Total pro piqua	<u>52,425</u>	<u>53,060</u>	<u>45,958</u>	<u>7,102</u>
TOTAL GENERAL GOVERNMENT	<u><u>1,802,778</u></u>	<u><u>3,634,198</u></u>	<u><u>1,769,951</u></u>	<u><u>1,864,247</u></u>
HOTEL FORT PIQUA RECONSTRUCTION				
Personal services/administrative support	80,526	63,850	63,395	455
Operating expenditures	5,782,325	4,675,469	157,104	4,518,365
Total hotel fort Piqua reconstruction	<u><u>5,862,851</u></u>	<u><u>4,739,319</u></u>	<u><u>220,499</u></u>	<u><u>4,518,820</u></u>

(Continued)

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE-GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance-with Final Budget
	Original	Final		
PUBLIC SAFETY:				
Fire department:				
Personal services/administrative support	3,204,350	3,077,314	3,017,054	60,260
Operating expenditures	368,230	378,992	345,450	33,542
Capital	208,000	223,808	220,348	3,460
Total fire department	<u>3,780,580</u>	<u>3,680,114</u>	<u>3,582,852</u>	<u>97,262</u>
Police department:				
Personal services/administrative support	3,929,645	3,581,239	3,558,556	22,683
Operating expenditures	619,364	617,522	579,834	37,688
Capital	101,200	91,200	88,804	2,396
Total police department	<u>4,650,209</u>	<u>4,289,961</u>	<u>4,227,194</u>	<u>62,767</u>
TOTAL PUBLIC SAFETY	<u>8,430,789</u>	<u>7,970,075</u>	<u>7,810,046</u>	<u>160,029</u>
NEIGHBORHOOD IMPROVEMENT TEAM				
Personal services/administrative support	5,773	5,364	5,358	6
Operating expenditures	20,735	5,403	828	4,575
Capital	20,000	20,000	-	20,000
Total neighborhood improvement team	<u>46,508</u>	<u>30,767</u>	<u>6,186</u>	<u>24,581</u>
HEALTH:				
Personal services/administrative support	368,304	368,304	336,058	32,246
Operating expenditures	124,639	124,639	94,262	30,377
Capital	20,000	20,000	19,067	933
Total health department	<u>512,943</u>	<u>512,943</u>	<u>449,387</u>	<u>63,556</u>
Piqua Tree Donations:				
Operating expenditures	-	24,000	4,955	19,045
Total Piqua Tree Donations department	<u>-</u>	<u>24,000</u>	<u>4,955</u>	<u>19,045</u>
PARKS AND RECREATION:				
Personal services/administrative support	481,383	448,148	408,924	39,224
Operating expenditures	199,855	233,467	224,514	8,953
Capital	85,746	75,000	72,894	2,106
Total parks and recreation	<u>766,984</u>	<u>756,615</u>	<u>706,332</u>	<u>50,283</u>
Total expenditures	<u>17,422,853</u>	<u>17,667,917</u>	<u>10,967,356</u>	<u>6,700,561</u>
Excess (deficiency) of revenues over expenditures	(4,232,182)	(4,487,936)	2,347,218	6,835,154
OTHER FINANCING SOURCES (USES):				
Issuance of debt	3,732,325	2,400,000	2,400,000	-
Disposal of fixed assets	-	12,841	12,840	(1)
Transfers out	(1,165,009)	(823,999)	(793,326)	30,673
Total other financing sources (uses)	<u>2,567,316</u>	<u>1,588,842</u>	<u>1,619,514</u>	<u>30,672</u>
Net change in fund balance	<u>(1,664,866)</u>	<u>(2,899,094)</u>	<u>3,966,732</u>	<u>6,865,826</u>
Fund balance- January 1, 2007	<u>12,633,960</u>	<u>12,633,960</u>	<u>12,633,960</u>	<u>-</u>
Fund balance December 31, 2007	<u>\$10,969,094</u>	<u>\$ 9,734,866</u>	<u>\$16,600,692</u>	<u>\$ 6,865,826</u>

(Concluded)

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE-
STREET MAINTENANCE FUND
FOR YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance-with Final Budget
	Original	Final		
REVENUES:				
Municipal income tax	\$ 1,264,000	\$ 1,300,760	\$ 1,268,892	\$ (31,868)
State shared revenues	1,044,388	1,032,846	1,009,958	(22,888)
Licenses, permits, fees	225	1,600	2,225	625
Interest income	20,000	38,475	45,836	7,361
Increase in fair value of investments	-	-	257	257
Donations:				-
Capital	-	-	-	-
Other fines, rents, and reimbursements	16,778	33,327	25,430	(7,897)
Total revenues	<u>2,345,391</u>	<u>2,407,008</u>	<u>2,352,598</u>	<u>(54,410)</u>
EXPENDITURES:				
Personal services/administrative support	951,275	1,062,116	930,592	131,524
Operating expenditures	1,040,488	906,813	790,380	116,433
Capital costs	278,278	397,278	267,146	130,132
Total expenditures	<u>2,270,041</u>	<u>2,366,207</u>	<u>1,988,118</u>	<u>378,089</u>
Excess (deficiency) of revenues over expenditures	75,350	40,801	364,480	323,679
OTHER FINANCING SOURCES (USES):				
Disposal of capital assets			5,628	5,628
Transfers out	(55,470)	(54,248)	(53,852)	396
Total other financing sources (uses)	<u>(55,470)</u>	<u>(54,248)</u>	<u>(48,224)</u>	<u>6,024</u>
Net change in fund balance	19,880	(13,447)	316,256	329,703
Fund balance- January 1, 2007	<u>1,167,683</u>	<u>1,167,683</u>	<u>1,167,683</u>	<u>-</u>
Fund balance December 31, 2007	<u>\$ 1,187,563</u>	<u>\$ 1,154,236</u>	<u>\$ 1,483,939</u>	<u>\$ 329,703</u>

CITY OF PIQUA, OHIO

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGET (GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE
STREET LEVY CONSTRUCTION FUND
FOR YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Municipal income tax	\$ 1,128,571	\$ 1,161,393	\$ 1,183,386	\$ 21,993
Grants-capital	5,624,000	5,184,263	3,974,177	(1,210,086)
Grants-operating	-	-	-	-
Interest income	5,000	28,000	27,410	(590)
Increase in fair value of investments	-	-	-	-
Donations: capital	-	-	-	-
Other fines, rents , and reimbursements	3,000	-	-	-
Total revenues	<u>6,760,571</u>	<u>6,373,656</u>	<u>5,184,973</u>	<u>(1,188,683)</u>
EXPENDITURES:				
Operating expenditures	368,098	592,563	495,604	96,959
Debt principal payment	149,000	149,000	149,000	-
Debt interest payment	8,350	8,583	8,582	1
Capital costs	8,451,709	6,375,638	4,194,537	2,181,101
Total expenditures	<u>8,977,157</u>	<u>7,125,784</u>	<u>4,847,723</u>	<u>2,278,061</u>
Excess (deficiency) of revenues over expenditures	<u>(2,216,586)</u>	<u>(752,128)</u>	<u>337,250</u>	<u>1,089,378</u>
OTHER FINANCING SOURCES (USES):				
Issuance of Debt	2,500,000	788,737	-	(788,737)
Total other financing sources (uses)	<u>2,500,000</u>	<u>788,737</u>	<u>-</u>	<u>(788,737)</u>
Net change in fund balance	283,414	36,609	337,250	300,641
Fund balance January 1, 2007	<u>456,825</u>	<u>456,825</u>	<u>456,825</u>	<u>-</u>
Fund balance December 31, 2007	<u>\$ 740,239</u>	<u>\$ 493,434</u>	<u>\$ 794,075</u>	<u>\$ 300,641</u>

CITY OF PIQUA, OHIO
Notes to the Required Supplemental Information
December 31, 2007

BUDGETS AND BUDGETARY ACCOUNTING—The City follows procedures prescribed by State law in establishing the budgetary data shown in the financial statements, as follows:

- The City must submit a budget of estimated revenues and expenditures for all governmental funds to the County Budget Commission by July 20 of each year for the following calendar year.
- The County Budget Commission certifies its actions by September 1, and issues a “Certificate of Resources” limiting the maximum amount the City may expend from a given fund during the year.
- On approximately January 1, this Certificate is amended to include any unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Resources.
- Before the first Commission meeting in January, a permanent appropriation measure must be passed for the period January 1 through December 31. The permanent appropriation may not exceed estimated resources certified by the County Budget Commission.
- Unused appropriations lapse at year-end and are re-appropriated in the following year’s budget.
- All funds have annual budgets, which are prepared in accordance with generally accepted accounting principles and are legally adopted by the City Commission.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Commission on an annual basis. Public hearings are held to obtain taxpayer comments. The Commission enacts the budget through passage of an appropriations ordinance. The appropriations ordinance controls expenditures in each fund at the object levels of personal services/administrative support, operating expenditures, transfers, and capital outlay. Amendments to object totals of appropriations require Commission approval. The City Manager has the authority to allocate and amend appropriations at the account level, provided that fund totals appropriated by ordinance are not adjusted. Earnings of the Power, Water, Wastewater, and Refuse systems may not be appropriated for other City uses.

The budget process is controlled by both the State of Ohio Revised Code and the City Charter and is prepared based on anticipated revenues and appropriated expenditures.

The City’s financial position, results of operations and changes in fund balances, as well as the budgetary basis as provided by law, are reported on the basis of GAAP.

**OTHER
SUPPLEMENTAL DATA**

CITY OF PIQUA, OHIO

NON-MAJOR FUNDS

Revolving Loan/ Program Income	To account for micro-enterprise loans and home mortgages resulting from federal grant activities
Community Development	To account for activities for social, economic, and other special development of the community
Trust	To account for resources recovered or held through legislation or enforcement activities.
Conservancy	To account for receipts and disbursements for the city's share of the district's operation and maintenance.
Safety Pension	To account for receipts and disbursements of a special property tax established to fund police and fire pension costs
Federal Grants	To account for federal funds available for public transit, FEMA, comprehensive housing, and block grants.

CITY OF PIQUA, OHIO

NON-MAJOR INTERNAL SERVICE/FIDUCIARY FUNDS

Internal Service Funds

Worker Compensation	To account for funds set aside for possible future retrospective rating plan
Liability Insurance	To account for assets reserved for future self-insurance options
Health Insurance	To account for an internally financed and self-insured health insurance program.
Information Technology	To account for centralized communication, networking, and data processing services for all city departments

Fiduciary Funds

Unclaimed Funds	To account for unclaimed liabilities of the city.
Mayor Wilson Fund	To account for assets of a centennial escrow as established by legislation.
Employee Flexible Spending	To account for assets held for the employee's cafeteria plan.

CITY OF PIQUA, OHIO

COMBINING BALANCE SHEET- NON MAJOR FUNDS DECEMBER 31, 2007

ASSETS:	Revolving Loan/Federal Program Income	Community Development	Trust
Equity in pooled cash and cash equivalents	\$ 72,075	\$ 18,680	\$ 22,417
Equity in pooled investments	-	-	-
Accounts receivable	479	-	-
Interfund receivable	-	-	-
Inventories	-	-	-
Prepaid items and other assets	-	-	-
Loans receivable, net of allowance	8,178	442,207	-
Total Current Assets	<u>80,732</u>	<u>460,887</u>	<u>22,417</u>
Total Assets	<u>\$ 80,732</u>	<u>\$ 460,887</u>	<u>\$ 22,417</u>
LIABILITIES AND FUND BALANCE:			
CURRENT LIABILITIES:			
Accounts payable	-	895	-
Interfund payable	-	-	-
Salaries and benefits	-	5,956	-
Accruals	-	-	-
Total Current Liabilities	<u>-</u>	<u>6,851</u>	<u>-</u>
LONG-TERM LIABILITIES:			
Restricted deposits	-	-	-
Deferred revenue	-	-	-
Total Long Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	6,851	-
FUND BALANCES:			
Reserved for encumbrances	-	325	-
Reserved by legislation	-	-	-
Reserved for non-current loans receivable	8,178	442,207	-
Unreserved	72,554	11,504	22,417
Total fund balances	<u>80,732</u>	<u>454,036</u>	<u>22,417</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 80,732</u>	<u>\$ 460,887</u>	<u>\$ 22,417</u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINING BALANCE SHEET- NON MAJOR FUNDS
DECEMBER 31, 2007**

ASSETS:	<u>Conservancy</u>	<u>Safety Pension</u>	<u>Federal Grants</u>	<u>Total Non major Funds</u>
Equity in pooled cash and cash equivalents	\$ 40,625	\$ 72,456	\$ 23,237	\$ 249,490
Equity in pooled investments	-	-	-	-
Accounts receivable	39,908	201,182	174,601	416,170
Interfund receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid items and other assets	-	-	-	-
Loans receivable, net of allowance	-	-	-	450,385
Total Current Assets	<u>80,533</u>	<u>273,638</u>	<u>197,838</u>	<u>1,116,045</u>
Total Assets	<u><u>80,533</u></u>	<u><u>273,638</u></u>	<u><u>197,838</u></u>	<u><u>1,116,045</u></u>
LIABILITIES AND FUND BALANCE:				
CURRENT LIABILITIES:				
Accounts payable	-	-	2,000	2,895
Interfund payable	-	-	195,835	195,835
Salaries and benefits	-	-	-	5,956
Accruals	-	-	-	-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>197,835</u>	<u>204,686</u>
LONG-TERM LIABILITIES:				
Restricted deposits	-	-	-	-
Deferred revenue	39,908	201,182	-	241,090
Total Long Term Liabilities	<u>39,908</u>	<u>201,182</u>	<u>-</u>	<u>241,090</u>
Total Liabilities	39,908	201,182	197,835	445,776
FUND BALANCES:				
Reserved for encumbrances	-	-	103,730	104,055
Reserved by legislation	-	-	-	-
Reserved for non-current loans receivable	-	-	-	450,385
Unreserved	40,625	72,456	(103,727)	115,829
Total fund balances	<u>40,625</u>	<u>72,456</u>	<u>3</u>	<u>670,269</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 80,533</u></u>	<u><u>\$ 273,638</u></u>	<u><u>\$ 197,838</u></u>	<u><u>\$ 1,116,045</u></u>

(Concluded)

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN
FUND BALANCE NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2007**

	Revolving Loan/Federal Program Income	Community Development	Trust
REVENUES:			
Property taxes	\$ -	\$ 37,772	\$ -
State shared revenues	-	-	-
Licenses, permits, fees	1,741	1,200	-
Grants: operating	-	-	-
Interest	4,334	834	957
Donations: operating	-	700	-
Other fines, rents, and reimbursements	16,674	-	27,241
Total revenues	<u>22,749</u>	<u>40,506</u>	<u>28,198</u>
EXPENDITURES:			
Personal services/administrative support	-	-	-
Operation and maintenance	14,771	17,714	33,755
Capital	-	50,467	-
Total expenditures	<u>14,771</u>	<u>68,181</u>	<u>33,755</u>
Excess (deficiency) of revenues over expenditures	<u>7,978</u>	<u>(27,675)</u>	<u>(5,557)</u>
OTHER FINANCING SOURCES (USES):			
Issuance of debt	-	21,007	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>21,007</u>	<u>-</u>
Net change in fund balance	7,978	(6,668)	(5,557)
Fund balance January 1, 2007	<u>72,754</u>	<u>460,704</u>	<u>27,974</u>
Fund balance December 31, 2007	<u>\$ 80,732</u>	<u>\$ 454,036</u>	<u>\$ 22,417</u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN
FUND BALANCE NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2007**

	Conservancy	Safety Pension	Federal Grants	Total Non major Funds
REVENUES:				
Property taxes	\$ 37,089	\$ 185,448	\$ -	\$ 260,309
State shared revenues	6,789	36,682	-	43,471
Licenses, permits, fees	-	-	98	3,039
Grants; operating	-	-	416,865	416,865
Interest	1,464	3,137	-	10,726
Donations operating	-	-	-	700
Other fines, rents, and reimbursements	-	-	-	43,915
Total revenues	<u>45,342</u>	<u>225,267</u>	<u>416,963</u>	<u>779,025</u>
EXPENDITURES:				
Personal services/administrative support	-	167,500	-	167,500
Operation and maintenance	45,844	3,516	\$254,342	369,942
Capital	-	-	169,488	219,955
Total expenditures	<u>45,844</u>	<u>171,016</u>	<u>423,830</u>	<u>757,397</u>
Excess (deficiency) of revenues over expenditures	<u>(502)</u>	<u>54,251</u>	<u>(6,867)</u>	<u>21,628</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	-	21,007
Transfers out	-	(42,471)	0	(42,471)
Total other financing sources (uses)	<u>-</u>	<u>(42,471)</u>	<u>-</u>	<u>(21,464)</u>
Net change in fund balance	(502)	11,780	(6,867)	164
Fund balance January 1, 2007	<u>41,127</u>	<u>60,676</u>	<u>6,870</u>	<u>670,105</u>
Fund balance December 31, 2007	<u>\$ 40,625</u>	<u>\$ 72,456</u>	<u>\$ 3</u>	<u>\$ 670,269</u>

(Concluded)

CITY OF PIQUA, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BUDGET) NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2007**

	Revolving Loan / Federal Program Income			Community Development		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 35,635	\$ 37,772	\$ 2,137
State shared revenues	-	-	-	-	-	-
Licenses, permits, fees	250	1,741	1,491	1,200	1,200	-
Grants	-	-	-	-	-	-
Interest	3,926	4,334	408	850	834	(16)
Donations operating	-	-	-	700	700	-
Other	4,214	16,674	12,460	-	-	-
Total revenues	<u>8,390</u>	<u>22,749</u>	<u>14,359</u>	<u>38,385</u>	<u>40,506</u>	<u>2,121</u>
EXPENDITURES:						
Personal services	-	-	-	-	-	-
Operation and maintenance	23,361	14,771	8,590	101,200	17,714	83,486
Capital	-	-	-	50,467	50,467	-
Total expenditures	<u>23,361</u>	<u>14,771</u>	<u>8,590</u>	<u>151,667</u>	<u>68,181</u>	<u>83,486</u>
Excess (deficiency) of revenues over expenditures	(14,971)	7,978	22,949	(113,282)	(27,675)	85,607
OTHER FINANCING SOURCES (USES):						
Issuance of debt	-	-	-	21,842	21,007	(835)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	21,842	21,007	(835)
Net change in fund balance	(14,971)	7,978	22,949	(91,440)	(6,668)	84,772
Fund balance January 1, 2007	<u>72,754</u>	<u>72,754</u>	<u>-</u>	<u>460,704</u>	<u>460,704</u>	<u>-</u>
Fund balance December 31, 2007	<u>\$ 57,783</u>	<u>\$ 80,732</u>	<u>\$ 22,949</u>	<u>\$ 369,264</u>	<u>\$ 454,036</u>	<u>\$ 84,772</u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BUDGET) NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2007**

	Trust			Conservancy		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 37,009	\$ 37,089	\$ 80
State shared revenues	-	-	-	6,838	6,789	(49)
Licenses, permits, fees	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Interest	1,269	957	(312)	1,189	1,464	275
Donations operating	-	-	-	-	-	-
Other	31,795	27,241	(4,554)	-	-	-
Total revenues	33,064	28,198	(4,866)	45,036	45,342	306
EXPENDITURES:						
Personal services	-	-	-	-	-	-
Operation and maintenance	39,500	33,755	5,745	45,991	45,844	147
Capital	-	-	-	-	-	-
Total expenditures	39,500	33,755	5,745	45,991	45,844	147
Excess (deficiency) of revenues over expenditures	(6,436)	(5,557)	879	(955)	(502)	453
OTHER FINANCING SOURCES (USES):						
Issuance of debt	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	(6,436)	(5,557)	879	(955)	(502)	453
Fund balance January 1, 2007	27,974	27,974	-	41,127	41,127	-
Fund balance December 31, 2007	<u>\$ 21,538</u>	<u>\$ 22,417</u>	<u>\$ 879</u>	<u>\$ 40,172</u>	<u>\$ 40,625</u>	<u>\$ 453</u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BUDGET) NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2007**

	Safety Pension			Federal Grants		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Property taxes	\$ 185,044	\$ 185,448	\$ 404	\$ -	\$ -	\$ -
State shared revenues	36,696	36,682	(14)	-	-	-
Licenses, permits, fees	-	-	-	98	98	-
Grants	-	-	-	493,530	416,865	(76,665)
Interest	2,483	3,137	654	-	-	-
Donations operating	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>224,223</u>	<u>225,267</u>	<u>1,044</u>	<u>493,628</u>	<u>416,963</u>	<u>(76,665)</u>
EXPENDITURES:						
Personal services	167,500	167,500	-	-	-	-
Operation and maintenance	4,278	3,516	762	334,545	254,342	80,203
Capital	-	-	-	166,455	169,488	(3,033)
Total expenditures	<u>171,778</u>	<u>171,016</u>	<u>762</u>	<u>501,000</u>	<u>423,830</u>	<u>77,170</u>
Excess (deficiency) of revenues over expenditures	<u>52,445</u>	<u>54,251</u>	<u>1,806</u>	<u>(7,372)</u>	<u>(6,867)</u>	<u>505</u>
OTHER FINANCING SOURCES (USES):						
Issurance of debt	-	-	-	-	-	-
Transfers out	(41,615)	(42,471)	(856)	-	-	-
Total other financing sources (uses)	<u>(41,615)</u>	<u>(42,471)</u>	<u>(856)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	10,830	11,780	950	(7,372)	(6,867)	505
Fund balance January 1, 2007	<u>60,676</u>	<u>60,676</u>	<u>-</u>	<u>6,870</u>	<u>6,870</u>	<u>-</u>
Fund balance December 31, 2007	<u>\$ 71,506</u>	<u>\$ 72,456</u>	<u>\$ 950</u>	<u>\$ (502)</u>	<u>\$ 3</u>	<u>\$ 505</u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BUDGET) NON MAJOR FUNDS
FOR YEAR ENDED DECEMBER 31, 2007**

	Totals		
	Budget	Actual	Variance
REVENUES:			
Property taxes	\$ 257,688	\$ 260,309	\$ 2,621
State shared revenues	43,534	43,471	(63)
Licenses, permits, fees	1,548	3,039	1,491
Grants	493,530	416,865	(76,665)
Interest	9,717	10,726	1,009
Donations operating	700	700	-
Other	36,009	43,915	7,906
Total revenues	<u>842,726</u>	<u>779,025</u>	<u>(63,701)</u>
EXPENDITURES:			
Personal services	167,500	167,500	-
Operation and maintenance	548,875	369,942	178,933
Capital	216,922	219,955	(3,033)
Total expenditures	<u>933,297</u>	<u>757,397</u>	<u>175,900</u>
Excess (deficiency) of revenues over expenditures	<u>(90,571)</u>	<u>21,628</u>	<u>112,199</u>
OTHER FINANCING SOURCES (USES):			
Issuance of debt	21,842	21,007	(835)
Transfers out	(41,615)	(42,471)	(856)
Total other financing sources (uses)	<u>(19,773)</u>	<u>(21,464)</u>	<u>(1,691)</u>
Net change in fund balance	(110,344)	164	110,508
Fund balance January 1, 2007	<u>670,105</u>	<u>670,105</u>	<u>-</u>
Fund balance December 31, 2007	<u><u>\$ 559,761</u></u>	<u><u>\$ 670,269</u></u>	<u><u>\$ 110,508</u></u>

(Concluded)

CITY OF PIQUA, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP BUDGET)-DEBT SERVICE FUND
FOR YEAR ENDED DECEMBER 31,2007**

	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 62,310	\$ 62,310	\$ -
Interest income	37,973	38,675	702
Total revenues	<u>100,283</u>	<u>100,985</u>	<u>702</u>
EXPENDITURES:			
Operating expenditures	104,000	61,264	42,736
Debt principal payment	534,458	534,457	1
Debt interest payment	<u>184,337</u>	<u>184,333</u>	<u>4</u>
Total expenditures	<u>822,795</u>	<u>780,054</u>	<u>42,741</u>
Excess (deficiency) of revenues over expenditures	<u>(722,512)</u>	<u>(679,069)</u>	<u>43,443</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>688,007</u>	<u>689,718</u>	<u>1,711</u>
Total other financing sources (uses)	<u>688,007</u>	<u>689,718</u>	<u>1,711</u>
Net change in fund balance	(34,505)	10,649	45,154
Fund balance January 1, 2007	<u>384,176</u>	<u>384,176</u>	<u>-</u>
Fund balance December 31, 2007	<u>\$ 349,671</u>	<u>\$ 394,825</u>	<u>\$ 45,154</u>

CITY OF PIQUA, OHIO

**COMBINING BALANCE SHEET- INTERNAL SERVICE FUNDS
DECEMBER 31, 2007**

ASSETS:	Workers Compensation	Liability Insurance	Health Insurance	Information Technology	Total
Equity in pooled cash and cash equivalents	\$1,799,572	\$749,184	\$1,130,969	\$192,624	\$3,872,349
Equity in pooled investments	355,000	391,683	-	-	746,683
Accounts receivable	1,848	6,814	\$1,000	-	9,662
Interfund receivable	-	-	-	-	-
Prepaid items and other assets	-	-	120,460	-	120,460
Notes receivable	-	-	-	-	-
Total Current Assets	<u>2,156,420</u>	<u>1,147,681</u>	<u>1,252,429</u>	<u>192,624</u>	<u>4,749,154</u>
Noncurrent assets:					
Capital assets being depreciated					
Plant and equipment in service, net	-	-	-	118,305	118,305
Total Capital Assets	-	-	-	<u>118,305</u>	<u>118,305</u>
Total Assets	<u>\$ 2,156,420</u>	<u>\$ 1,147,681</u>	<u>\$ 1,252,429</u>	<u>\$ 310,929</u>	<u>\$4,867,459</u>
 LIABILITIES AND FUND BALANCE:					
CURRENT LIABILITIES:					
Accounts payable	-	-	103,094	\$22,412	125,506
Interfund payable	-	-	-	-	-
Salaries and benefits	-	-	-	6,495	6,495
Accrued vacation, personal and sick leave	-	-	-	14,018	14,018
Accruals	-	-	-	-	-
Total Current Liabilities	-	-	<u>103,094</u>	<u>42,925</u>	<u>146,019</u>
 NONCURRENT LIABILITIES:					
Accrued vacation, personal and sick leave	-	-	-	42,913	42,913
Total Noncurrent Liabilities	-	-	-	<u>42,913</u>	<u>42,913</u>
Total Liabilities	-	-	<u>103,094</u>	<u>85,838</u>	<u>188,932</u>
 FUND BALANCES:					
Invested in capital assets, net of related debt	-	-	-	118,305	118,305
Unreserved	2,156,420	1,147,681	\$1,149,335	106,786	4,560,222
Total Net Assets	<u>2,156,420</u>	<u>1,147,681</u>	<u>1,149,335</u>	<u>225,091</u>	<u>4,678,527</u>
Total Liabilities and Net Assets	<u>\$ 2,156,420</u>	<u>\$ 1,147,681</u>	<u>\$ 1,252,429</u>	<u>\$ 310,929</u>	<u>\$4,867,459</u>

CITY OF PIQUA, OHIO.

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN NET ASSETS- INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Workers Compensation	Liability Insurance	Health Insurance	Information Technology	Total
OPERATING REVENUES:					
Customer services	\$ -	\$ -	\$ 2,139,293	\$ 351,787	\$ 2,491,080
Penalty charges	-	-	-	-	-
Total operating revenues	-	-	2,139,293	351,787	2,491,080
OPERATING EXPENSES:					
Salaries and Employee benefits	-	-	2,083,123	247,530	2,330,653
Depreciation	-	-	-	11,392	11,392
Outside Services	-	-	57,413	71,312	128,725
Total operating expenses	-	-	2,140,536	330,234	2,470,770
Operating income (loss)	-	-	(1,243)	21,553	20,310
NON-OPERATING REVENUES(EXPENSES):					
Interest income	108,202	51,218	50,163	6,997	216,580
Net increase/(decrease) in fair market value of investments	2,301	6,300	3,556	-	12,157
Other, net	-	-	-	(40)	(40)
Net non-operating revenues(expenses)	110,503	57,518	53,719	6,957	228,697
Change in net assets	110,503	57,518	52,476	28,510	249,007
Total net assets-beginning of year	2,045,917	1,090,163	1,096,859	196,581	4,429,520
Total net assets-end of year	<u>\$ 2,156,420</u>	<u>\$ 1,147,681</u>	<u>\$ 1,149,335</u>	<u>\$ 225,091</u>	<u>\$ 4,678,527</u>

CITY OF PIQUA, OHIO

COMBINING STATEMENT OF CASH FLOWS-INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Workers Compensation	Liability Insurance	City Health Insurance	Information Technology	Internal Service Totals
OPERATING ACTIVITIES:					
Cash received for services	\$ -	\$ -	\$ 2,358,213	\$ 351,787	\$ 2,710,000
Cash paid to suppliers for goods or services	-	-	(2,421,409)	(55,551)	(2,476,960)
Cash paid to employees for services	-	-	-	(242,028)	(242,028)
Net cash provided by (used in) operating activities	-	-	(63,196)	54,208	(8,988)
NONCAPITAL FINANCING ACTIVITIES:					
Transfers, in	-	-	-	-	-
Transfers, out	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-	-	-
CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from issuance of bonds and notes	-	-	-	-	-
Principal paid on bonds and notes	-	-	-	-	-
Interest paid on bonds and notes	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-	-
Disposals of capital assets	-	-	-	40	40
Net cash provided by (used in) capital & related financing activities	-	-	-	40	40
INVESTING ACTIVITIES:					
Purchases of investment securities	-	-	-	-	-
Proceeds from sale or maturity of investment securities	683,000	520,000	500,000	-	1,703,000
Interest received	117,826	56,658	57,745	6,998	239,227
Net cash provided by (used in) investing activities	800,826	576,658	557,745	6,998	1,942,227
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	800,826	576,658	494,549	61,246	1,933,279
CASH AND CASH EQUIVALENTS - Beginning of year	998,746	172,526	636,420	131,378	1,939,070
CASH AND CASH EQUIVALENTS - End of year	\$ 1,799,572	\$ 749,184	\$ 1,130,969	\$ 192,624	3,872,349
OPERATING INCOME (LOSS)	\$ -	\$ -	\$ (1,243)	\$ 21,553	20,310
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	-	-	-	11,392	11,392
(Increase)/Decrease in Accounts Receivable	-	-	218,920	-	218,920
(Increase)/Decrease in Inventory	-	-	-	-	-
(Increase)/Decrease in Prepaids	-	-	(61,457)	-	(61,457)
Increase/(Decrease) in Accounts Payable	-	-	(219,416)	15,800	(203,616)
Increase/(Decrease) in Accrued Wages and Benefits	-	-	-	5,503	5,503
(Increase)/Decrease in Deferred Revenues	-	-	-	-	-
Net (Increase)/Decrease in Other Operating Net Assets	-	-	-	(40)	(40)
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,196)</u>	<u>\$ 54,208</u>	<u>\$ (8,988)</u>
SUPPLEMENTAL INFORMATION:					
Noncash activities:					
Change in fair value of investments	<u>\$ 2,301</u>	<u>\$ 6,300</u>	<u>\$ 3,557</u>	<u>\$ -</u>	<u>\$ 12,158</u>
Contribution of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007**

ASSETS:	<u>Unclaimed Funds</u>	<u>Employee Flexible Spending</u>	<u>Agency Funds</u>
Equity in pooled cash and cash equivalents	\$ 226	\$ 19,731	\$ 19,957
Total Assets	<u>\$ 226</u>	<u>\$ 19,731</u>	<u>\$ 19,957</u>
 LIABILITIES:			
Withholdings payable	\$ -	\$ 19,731	\$ 19,731
Undistributed monies	<u>226</u>	<u>-</u>	<u>226</u>
Total Liabilities	<u>\$ 226</u>	<u>\$ 19,731</u>	<u>\$ 19,957</u>

CITY OF PIQUA, OHIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR YEAR ENDED DECEMBER 31,2007**

	Balance at January 1, 2007	Additions	Deductions	Total Balance at December 31, 2007
Unclaimed Funds				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 196	\$ 269	\$ 239	\$ 226
Prepaid items and other assets				-
Total Assets	<u>\$ 196</u>	<u>\$ 269</u>	<u>\$ 239</u>	<u>\$ 226</u>
LIABILITIES				
Undistributed monies	\$ 196	\$ 269	\$ 239	\$ 226
Total Liabilities	<u>\$ 196</u>	<u>\$ 269</u>	<u>\$ 239</u>	<u>\$ 226</u>
Employee Flexible Spending				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 18,862	\$ 166,179	\$ 165,310	\$ 19,731
Total Assets	<u>\$ 18,862</u>	<u>\$ 166,179</u>	<u>\$ 165,310</u>	<u>\$ 19,731</u>
LIABILITIES				
Withholdings payable	\$ 18,862	\$ 166,179	\$ 165,310	\$ 19,731
Total Liabilities	<u>\$ 18,862</u>	<u>\$ 166,179</u>	<u>\$ 165,310</u>	<u>\$ 19,731</u>
Total- All AGENCY FUNDS				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 19,058	\$ 166,448	\$ 165,549	\$ 19,957
Total Assets	<u>\$ 19,058</u>	<u>\$ 166,448</u>	<u>\$ 165,549</u>	<u>\$ 19,957</u>
LIABILITIES				
Withholdings payable	\$ 18,862	\$ 166,179	\$ 165,310	\$ 19,731
Undistributed monies	196	269	239	226
Total Liabilities	<u>\$ 19,058</u>	<u>\$ 166,448</u>	<u>\$ 165,549</u>	<u>\$ 19,957</u>

STATISTICAL SECTION

Statistical Section

This part of the City of Piqua, Ohio's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends	75-78
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	79-81
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax, and the municipal income tax.	
Debt Capacity	82-84
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Economic and Demographic Information	85-86
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	87-90
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**NET ASSETS BY COMPONENT
LAST SIX YEARS
(accrual basis of accounting)**

	2007	2006	2005	2004	2003	2002
Government Activities						
Invested in capital assets, net of related debt	\$ 41,254,589	\$ 36,547,835	\$ 35,515,425	\$ 35,501,878	\$ 34,348,207	\$ 33,775,146
Restricted by: legislation	\$ 33,231					
Restricted by: debt covenants	394,825	418,841	740,702	1,571,115	976,604	814,300
Unrestricted	20,257,699	18,315,439	12,523,508	10,506,442	10,846,109	9,322,261
Total governmental activities net assets	61,940,344	55,282,115	48,779,635	47,579,435	46,170,920	43,911,707
Business-Type Activities						
Invested in capital assets, net of related debt	50,298,375	49,706,237	49,323,165	48,803,820	48,428,042	48,765,023
Restricted by: legislation	727					
Restricted by: debt covenants	50,000	58,910	66,588	303,180	168,888	173,379
Unrestricted	13,063,211	13,525,087	10,862,242	10,196,051	10,926,471	10,526,551
Total business-type activities net assets	63,412,313	63,290,234	60,251,995	59,303,051	59,523,401	59,464,953
Primary government						
Invested in capital assets, net of related debt	91,552,964	86,254,072	84,838,590	84,305,698	82,776,249	82,540,169
Restricted by: legislation	33,958					
Restricted by: debt covenants	444,825	477,751	807,290	1,874,295	1,145,492	987,679
Unrestricted	33,320,910	31,840,526	23,385,750	20,702,493	21,772,580	19,848,812
Total primary government activities net assets	\$ 125,352,657	\$ 118,572,349	\$ 109,031,630	\$ 106,882,486	\$ 105,694,321	\$ 103,376,660

Source: City of Piqua Finance Department

**CHANGES IN NET ASSETS
LAST SIX YEARS
(accrual basis of accounting)**

	2007	2006	2005	2004	2003	2002
Expenses						
Government activities						
General government	\$ 2,891,558	\$ 2,252,448	\$ 1,985,407	\$ 1,797,660	\$ 1,859,642	\$ 2,217,319
Public safety	7,878,066	7,784,475	7,667,665	7,363,799	6,844,602	6,539,055
Streets and maintenance	3,168,720	2,855,826	3,456,870	2,787,428	2,424,531	2,824,036
Parks and recreation	702,284	741,577	716,795	636,230	561,058	593,878
Community development	343,948	617,750	1,287,935	721,741	604,099	667,877
Interest on long term debt	197,747	184,603	216,710	234,029	246,298	288,383
Total governmental activities expenses	15,182,323	14,436,679	15,331,382	13,540,887	12,540,230	13,130,548
Business-type Activities						
Electric	22,477,649	15,844,446	16,945,700	17,123,814	16,962,240	17,699,925
Wastewater	2,831,444	2,998,639	2,842,163	2,814,171	2,800,775	2,737,680
Refuse	1,440,545	1,429,689	1,363,145	1,340,265	1,291,240	1,293,568
Water	2,754,437	2,564,675	2,589,854	2,408,664	2,205,581	2,503,948
Golf	729,467	710,890	699,461	738,514	674,858	621,579
Municipal Pool	191,162	171,160	175,944	161,821	160,093	159,458
Total business-type activities expenses	30,424,704	23,719,499	24,616,267	24,587,249	24,094,787	25,016,158
Total Primary Government activities expenses	\$ 45,607,027	\$ 38,156,178	\$ 39,947,649	\$ 38,128,136	\$ 36,635,017	\$ 38,146,706
Program revenues						
Government activities						
Charges for Services:						
General government	\$ 465,664	\$ 1,436,056	\$ 298,340	\$ 264,426	\$ 212,377	\$ 323,247
Public safety	909,784	566,672	311,871	328,505	240,543	238,819
Streets and maintenance	28,295	63,390	49,462	50,637	76,011	26,050
Parks and recreation	25,355	31,346	31,798	20,415	15,706	20,557
Community development	19,974	7,042	67,397	73,226	9,712	25,024
Operating grants and contributions	2,301,314	3,208,242	739,860	742,628	640,700	759,557
Capital grants and contributions	3,978,896	859,305	60,487	596,094	737,223	2,367,605
Total governmental activities program revenues	7,729,282	6,172,053	1,559,215	2,075,931	1,932,272	3,760,859
Business-type Activities						
Charges for Services:						
Electric	21,135,872	18,181,498	18,415,430	16,702,913	16,745,273	17,346,946
Wastewater	2,715,642	2,698,928	2,671,979	2,643,578	2,620,654	3,113,672
Refuse	1,530,335	1,408,455	1,340,537	1,281,780	1,261,666	1,222,548
Water	2,791,370	2,722,614	2,586,120	2,565,055	2,542,575	2,953,493
Golf	625,414	599,742	623,714	591,972	533,654	501,279
Municipal Pool	89,109	89,373	95,138	73,923	75,478	90,855
Operating grants and contributions	2,548	261	271	-	-	-
Capital grants and contributions	726,507	688,466	13,073	64,276	66,651	-
Total business-type activities program revenues	29,616,797	26,389,337	25,746,262	23,923,497	23,845,951	25,228,793
Total primary government program revenues	\$ 37,346,079	\$ 32,561,390	\$ 27,305,477	\$ 25,999,428	\$ 25,778,223	\$ 28,989,652
Net revenue (expense)						
Governmental activities	\$ (7,453,041)	\$ (8,264,626)	\$ (13,772,167)	\$ (11,464,956)	\$ (10,607,958)	\$ (9,369,689)
Business-type activities	(807,907)	2,669,838	1,129,995	(663,752)	(248,836)	212,635
Total primary government net revenue(expense)	\$ (8,260,948)	\$ (5,594,788)	\$ (12,642,172)	\$ (12,128,708)	\$ (10,856,794)	\$ (9,157,054)
General revenues and other changes in net assets						
Governmental activities						
Property taxes	\$1,466,214	\$1,505,317	\$1,525,944	\$1,452,019	\$1,503,856	\$1,516,613
State Shared taxes	2,522,305	2,953,529	3,280,931	2,431,261	2,786,967	2,441,040
Income tax	8,351,952	8,611,614	8,378,103	7,338,490	7,364,357	6,913,931
Locally levied taxes	1,291,091	1,309,110	1,249,360	1,095,211	1,057,683	1,084,235
Investment earnings	661,171	578,256	289,066	177,473	199,911	529,466
Miscellaneous	18,468	6,383	385,572	73,018	93,971	-
Transfers	(199,931)	(197,103)	(136,609)	(230,861)	(139,574)	(51,281)
Total governmental activities general revenues and other changes in net assets	14,111,270	14,767,106	14,972,367	12,336,611	12,867,171	12,434,004
Business-type Activities						
Investment earnings	730,055	603,404	287,164	173,763	167,710	559,412
Special item	-	(432,106)	(604,824)	-	-	-
Transfers	199,931	197,103	136,609	230,861	139,574	51,281
Total business-type activities general revenues and other changes in net assets	929,986	368,401	(181,051)	404,624	307,284	610,693
Total primary government general revenues and other changes in net assets	15,041,256	15,135,507	14,791,316	12,741,235	13,174,455	13,044,697
Change in net assets						
Governmental activities	6,658,229	6,502,480	1,200,200	871,655	2,259,213	3,064,315
Business-type activities	122,079	3,038,239	948,944	(259,128)	58,448	823,328
Total primary government activities	\$6,780,308	\$9,540,719	\$2,149,144	\$612,527	\$2,317,661	\$3,887,643

Source: City of Piqua Finance Department

**GOVERNMENTAL FUND BALANCES
LAST TEN YEARS**
(modified accrual basis of accounting)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved	\$ 9,926,096	\$ 4,039,446	\$ 413,703	\$ 867,692	\$ 181,424	\$ 151,595	\$ 138,997	\$ 818,689	\$ 316,300	\$ 285,574
Unreserved	6,674,596	8,594,514	7,675,124	6,260,657	7,436,953	5,967,378	6,012,543	7,694,748	7,846,574	7,560,017
Total General Fund	16,600,692	12,633,960	8,088,827	7,128,349	7,618,377	6,118,973	6,151,540	8,513,437	8,162,874	7,845,591
Street Maintenance Fund										
Reserved	50,166	163,780	10,766	4,121	1,432	19,066	131,131	504,195	119,530	33,033
Unreserved	1,433,773	1,003,903	610,379	471,491	316,750	291,065	237,945	685,720	915,389	677,354
Total Street Maintenance Fund	1,483,939	1,167,683	621,145	475,612	318,182	310,131	369,076	1,189,915	1,034,919	710,387
Street Levy Fund										
Reserved	409,802	45,903	86,492	30,642	228,872	431,625	568,447	152,360	5,939	70,641
Unreserved	384,273	410,922	227,390	207,500	95,817	(319,857)	31,341	837,056	980,376	767,396
Total Street Levy Fund	794,075	456,825	313,882	238,142	324,689	111,768	599,788	989,416	986,315	838,037
Other Governmental Funds										
Reserved	949,265	863,657	642,604	430,985	360,451	132,504	92,482	4,062,236	443,353	134,987
Unreserved reported in special revenue funds	115,829	190,624	400,528	621,220	693,814	793,664	754,011	(1,362,859)	1,312,817	1,345,034
Total All Other Governmental Funds	1,065,094	1,054,281	1,043,132	1,052,205	1,054,265	926,168	846,493	2,699,377	1,756,170	1,480,021
All Governmental Funds										
Reserved	11,335,329	5,112,786	1,153,565	1,333,440	772,179	734,790	931,057	5,537,480	885,122	524,235
Unreserved	8,608,471	10,199,963	8,913,421	7,560,868	8,543,334	6,732,250	7,035,840	7,854,665	11,055,156	10,349,801
Total All Governmental Funds	\$ 19,943,800	\$ 15,312,749	\$ 10,066,986	\$ 8,894,308	\$ 9,315,513	\$ 7,467,040	\$ 7,966,897	\$ 13,392,145	\$ 11,940,278	\$ 10,874,036

CITY OF PIQUA, OHIO

Table 4

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)**

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
REVENUES										
Municipal income tax	\$ 8,260,918	\$ 8,300,977	\$ 8,378,103	\$ 7,338,490	\$ 7,364,357	\$ 6,913,931	\$ 7,075,879	\$ 7,409,129	\$ 7,487,702	\$ 7,005,992
Property taxes	1,466,214	1,505,317	1,525,944	1,452,019	1,503,856	1,464,328	1,462,538	1,499,439	1,469,581	1,229,611
State shared revenues	2,530,167	3,192,533	3,086,008	2,440,954	2,309,931	2,428,657	2,627,852	2,430,990	2,301,013	2,147,881
Locally levied taxes	1,291,091	1,309,110	1,249,360	1,095,211	1,037,683	1,084,235	651,078	-	-	-
Licenses and permits, fees	1,073,084	574,837	314,412	358,178	282,538	351,468	354,595	327,355	304,077	363,713
Grants: capital	3,975,696	208,958	3,365	402,414	665,148	-	2,039,813	1,614,613	880,809	1,094,497
Grants: operating	1,954,777	600,798	713,537	714,033	623,044	3,053,192	-	-	-	-
Investment income	492,617	420,761	249,393	150,072	176,014	241,329	445,017	687,936	558,012	566,713
Increase in fair market value of investments	12,071	18,769	(33,256)	(29,936)	(78,911)	8,739	58,807	114,247	(157,684)	63,436
Donations: capital	3,200	650,347	57,122	193,680	72,075	73,627	-	-	-	-
Donations: operating	346,537	2,607,444	26,321	28,595	17,656	343	-	-	-	-
Other fines, rents, and reimbursements	325,783	1,518,010	444,458	367,119	271,811	249,637	538,842	458,497	601,684	425,665
Total revenues	21,732,155	20,907,861	16,014,767	14,510,829	14,265,202	15,869,486	15,254,421	14,542,206	13,445,194	12,897,508
EXPENDITURES										
General government administration	1,694,424	1,356,040	1,115,766	1,147,891	1,109,423	1,258,233	1,211,362	1,315,007	1,147,344	1,032,623
Public safety	7,676,395	7,567,735	7,117,151	7,134,397	6,442,819	6,142,233	6,038,913	5,970,936	5,815,958	5,707,040
Public health	521,419	393,863	331,834	318,869	301,939	273,225	342,946	311,693	205,183	200,097
Street repairs and maintenance	2,221,531	1,936,590	2,591,792	1,941,396	1,680,773	2,260,992	1,567,061	1,523,071	1,445,511	1,196,073
Parks and recreation	633,438	661,920	637,044	573,008	509,630	514,476	628,026	517,509	417,271	335,587
Community planning and development	544,972	749,395	1,281,353	703,930	593,528	637,002	639,101	493,558	516,879	509,232
Other	78,846	106,092	160,982	103,674	142,634	65,991	95,230	26,252	2,853	2,853
Capital improvements	5,093,251	1,991,144	1,306,288	2,407,139	2,105,214	4,516,303	9,557,507	6,811,701	2,674,455	3,481,646
Debt service:										
Principal	683,457	524,404	805,840	448,413	415,805	381,299	353,333	32,783	44,072	45,778
Interest	192,915	184,195	217,845	231,512	248,143	268,308	51,448	34,012	14,927	18,696
Payment of pension liability	-	-	-	-	-	-	-	533,877	-	-
Total expenditures	19,340,648	15,471,378	15,565,895	15,010,229	13,549,908	16,318,062	20,484,927	17,570,399	12,283,434	12,529,625
Excess (deficiency) of revenues over expenditures	2,391,507	5,436,483	448,872	(499,400)	715,294	(448,576)	(5,230,506)	(3,028,193)	1,161,760	367,883
OTHER FINANCING SOURCES (USES):										
Issuance of debt	2,421,007	-	474,842	236,037	99,155	-	-	4,552,939	-	-
Disposal of capital assets	18,468	6,383	385,572	73,018	93,971	-	-	-	-	-
Transfers in	689,718	657,677	899,980	1,258,438	2,430,459	4,931,844	3,640,573	5,955,341	954,315	689,384
Transfers out	(889,649)	(854,780)	(1,036,588)	(1,489,298)	(1,490,406)	(4,983,125)	(3,835,315)	(6,028,220)	(1,049,833)	(1,004,757)
Total other financing sources (uses)	2,239,544	(190,720)	723,806	78,195	1,133,179	(51,281)	(194,742)	4,480,060	(95,518)	(315,373)
Net change in fund balances	4,631,051	5,245,763	1,172,678	(421,205)	1,848,473	(499,857)	(5,425,248)	1,451,867	1,066,242	52,510
Debt service as a percentage of Noncapital expenditures	6.2%	5.3%	7.2%	5.4%	5.8%	5.5%	3.7%	0.6%	0.6%	0.7%

Source: City of Piqua Finance Department

CITY OF PIQUA, OHIO

Table 5

**INCOME TAX REVENUE BY TYPE
LAST TEN YEARS
(cash basis)**

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes from Net Profits	Percentage of Taxes from Net Profits	Taxes from Individuals	Percentage of Taxes from Individuals
2007	1.75%	\$ 8,278,497	\$ 6,441,487	78%	\$ 1,279,369	15%	\$ 557,641	6%
2006	1.75%	\$ 8,304,428	\$ 6,300,579	76%	\$ 1,458,825	18%	\$ 545,024	6%
2005	1.75%	8,285,031	6,394,175	77%	1,316,266	16%	574,590	7%
2004	1.75%	7,291,145	5,858,601	80%	872,733	12%	559,811	8%
2003	1.75%	7,377,796	5,773,887	78%	1,030,707	14%	573,202	8%
2002	1.75%	6,987,530	5,911,906	85%	594,701	9%	480,923	6%
2001	1.75%	7,080,816	5,836,282	82%	655,647	9%	588,887	9%
2000	1.75%	7,473,123	5,938,145	79%	1,017,625	14%	517,353	7%
1999	1.75%	7,350,955	5,728,286	78%	1,045,726	14%	576,943	8%
1998	1.75%	7,030,731	5,742,933	82%	800,165	11%	487,633	7%

Source: City of Piqua Income Tax Department

CITY OF PIQUA, OHIO

Table 6

INCOME TAX COLLECTIONS BY INCOME RANGE
LAST SIX YEARS

Tax Year	Income Range (Dollars)	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
2006	0-20,000	2,887	43.04%	23,417,853	8.42%
2006	20,001-40,000	1,685	25.12%	49,085,205	17.65%
2006	40,001-60,000	996	14.85%	48,996,734	17.61%
2006	60,001-80,000	551	8.21%	37,597,868	13.52%
2006	80,001-100,000	270	4.03%	23,845,560	8.57%
2006	over 100,000	319	4.76%	95,221,726	34.23%
	Total	6,708		278,164,946	
2005	0-20,000	2,840	43.57%	23,206,195	8.58%
2005	20,001-40,000	1,655	25.39%	48,441,662	17.92%
2005	40,001-60,000	941	14.43%	46,343,589	17.14%
2005	60,001-80,000	517	7.93%	35,318,776	13.06%
2005	80,001-100,000	262	4.02%	23,149,682	8.56%
2005	over 100,000	304	4.66%	93,934,318	34.74%
	Total	6,519		270,394,223	
2004	0-20,000	2,917	42.98%	24,164,308	8.07%
2004	20,001-40,000	1,793	26.41%	52,604,328	17.56%
2004	40,001-60,000	975	14.36%	48,039,364	16.03%
2004	60,001-80,000	558	8.22%	38,117,997	12.72%
2004	80,001-100,000	260	3.83%	23,025,891	7.68%
2004	over 100,000	285	4.20%	113,682,534	37.94%
	Total	6,788		299,634,422	
2003	0-20,000	2,837	42.30%	22,995,807	8.57%
2003	20,001-40,000	1,777	26.49%	51,317,780	19.12%
2003	40,001-60,000	1,045	15.58%	51,539,737	19.21%
2003	60,001-80,000	547	8.16%	37,477,454	13.97%
2003	80,001-100,000	247	3.68%	21,891,662	8.16%
2003	over 100,000	254	3.79%	83,115,946	30.97%
	Total	6,707		268,338,386	
2002	0-20,000	2,653	41.70%	22,104,265	8.80%
2002	20,001-40,000	1,696	26.66%	49,156,152	19.58%
2002	40,001-60,000	997	15.67%	49,182,057	19.59%
2002	60,001-80,000	540	8.49%	36,984,022	14.73%
2002	80,001-100,000	222	3.49%	19,694,871	7.85%
2002	over 100,000	254	3.99%	73,924,095	29.45%
	Total	6,362		251,045,462	

Source: City of Piqua, Ohio Income Tax Department-certain amounts may be estimates-years are tax years. The City does not have a mandatory filing requirement. Number of filers does not equal total taxpayers due to taxpayers paying city taxes through employer withholding without a filing requirement.

Table 7

CITY OF PIQUA, OHIO

AD VALOREM-- PROPERTY TAX LEVIES,
COLLECTIONS, REAL, PERSONAL, AND UTILITY ASSESSED VALUES
LAST TEN YEARS

Year	Total Levy	Current Collection	Percent of Total Levy Collected	Delinquent Collection	Total Collection	Total Collection as Percent of Total Levy	Cumulative Delinquency	Real Property Assessed Value	Personal and Utilities Property Assessed Value	Total Assessed Value
2007	1,545,521	1,485,097	96.09	44,588	1,529,685	98.98	115,635	301,859,760	\$52,758,960	354,618,720
2006	1,550,670	1,512,109	97.51	63,082	1,575,191	101.58	92,928	296,243,040	\$63,527,520	359,770,560
2005	1,581,499	1,544,095	97.63	69,912	1,614,007	102.06	91,922	291,828,330	65,159,360	356,987,690
2004	1,533,847	1,492,929	97.33	41,058	1,533,987	100.01	80,678	277,754,750	70,142,460	347,897,210
2003	1,543,196	1,501,773	97.32	42,463	1,544,236	100.07	80,815	275,053,010	76,389,910	351,442,920
2002	1,549,860	1,511,981	97.56	38,347	1,550,328	100.03	69,998	270,749,680	73,192,390	343,942,070
2001	1,487,288	1,430,444	96.18	26,364	1,456,808	97.95	79,820	256,052,460	72,293,270	328,345,730
2000	1,427,572	1,376,907	96.45	100,749	1,477,656	103.51	68,162	247,132,470	77,189,310	324,321,780
1999	1,457,727	1,382,089	94.81	72,483	1,454,572	99.78	42,953	235,594,180	69,491,010	305,085,190
1998	1,278,385	1,265,662	99.00	33,239	1,298,901	101.60	46,585	206,442,250	65,914,170	272,356,420

Source: Miami County Auditor's Office

Table 8

CITY OF PIQUA, OHIO
RATIO OF GENERAL BONDED DEBT
OUTSTANDING AND LEGAL DEBT MARGIN
LAST TEN YEARS

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General obligation bonds	\$4,525,000	\$5,660,001	\$6,755,000	\$7,820,000	\$8,950,000	\$9,515,000	\$10,410,000	\$11,265,000	\$7,795,000	\$8,305,000
Special assessment bonds	124,252	136,090	175,961	193,654	186,042	180,571	171,664	200,464	130,775	103,325
Pension refunding bonds	355,000	375,000	390,000	405,000	420,000	435,000	450,000	460,000	1,055,000	1,055,000
Promissory Notes	-	149,000	149,000	-	-	-	80,000	1,055,000	-	-
Capital Leases	68,550	106,814	173,393	179,127	9,556,042	10,130,571	11,111,664	12,980,464	8,980,775	9,463,325
Total gross indebtedness	5,072,802	6,426,905	7,643,354	8,597,781	9,556,042	10,130,571	11,111,664	12,980,464	8,980,775	9,463,325
Percent of estimated assessed property value	1.43%	1.80%	2.14%	2.47%	2.72%	2.95%	3.38%	4.00%	2.94%	3.47%
Per capita	\$ 245	\$ 310	\$ 369	\$ 415	\$ 461	\$ 489	\$ 536	\$ 626	\$ 436	\$ 459
Less debt outside limitations:										
Less debt service fund balance	82,573	77,135	66,779	63,193	49,208	50,472	55,885	50,607	1,549	1,639
Exempt self-supporting obligation debt:	3,070,000	3,775,001	4,465,000	5,145,000	5,870,000	6,140,000	6,715,000	7,265,000	7,795,000	8,305,000
Special assessment bonds	124,252	136,090	175,961	193,654	186,042	180,571	171,664	200,464	130,775	103,325
Pension refunding bonds	355,000	375,000	390,000	405,000	420,000	435,000	450,000	460,000	-	-
Net debt within limitation for both Voted and Unvoted debt	1,440,977	2,063,679	2,545,614	2,790,934	3,030,792	3,324,528	3,719,115	5,004,393	1,053,451	1,053,361
Percent of estimated assessed property value	0.41%	0.58%	0.71%	0.80%	0.86%	0.97%	1.13%	1.54%	0.35%	0.39%
Per capita	\$ 69	\$ 100	\$ 123	\$ 135	\$ 146	\$ 160	\$ 179	\$ 241	\$ 51	\$ 51
Debt limitation for both voted and unvoted debt										
10.5% of assessed valuation	\$37,234,966	\$37,775,909	\$37,483,707	\$36,529,207	\$36,901,507	\$36,113,917	\$34,476,302	\$34,053,787	\$32,033,945	\$28,597,424
Legal debt margin for voted and unvoted debt	\$35,793,989	\$35,712,230	\$34,938,093	\$33,738,273	\$33,870,715	\$32,789,389	\$30,757,187	\$29,049,394	\$30,980,494	\$27,544,063
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	3.87%	5.46%	6.79%	7.64%	8.21%	9.21%	10.79%	14.70%	3.29%	3.68%
Net debt within limitation for both voted and unvoted limitation	1,440,977	2,063,679	2,545,614	2,790,934	3,030,792	3,324,528	3,719,115	5,004,393	1,053,451	1,053,361
Less voted debt	-	-	-	-	-	-	-	-	-	-
Net debt with limitation for unvoted debt	1,440,977	2,063,679	2,545,614	2,790,934	3,030,792	3,324,528	3,719,115	5,004,393	1,053,451	1,053,361
Debt limitation for Unvoted debt										
5.3% of assessed valuation	19,504,030	19,787,381	19,634,323	19,134,347	19,329,361	18,916,814	18,059,015	17,837,698	16,779,685	17,979,603
Legal debt margin for unvoted debt	18,063,053	17,723,702	17,088,709	16,343,413	16,298,569	15,592,286	14,339,900	12,833,305	15,726,234	16,926,242
Net debt within limitation for unvoted debt as a percentage of debt limit	7.39%	10.43%	12.97%	14.59%	15.68%	17.57%	20.59%	28.06%	6.28%	5.86%

Source: City of Piqua Finance Department

CITY OF PIQUA, OHIO

Table 9

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2007**

	<u>Gross Debt</u>	<u>Debt Service</u>	<u>Net Debt</u>	Percent Applicable to City (1)	<u>City's Share</u>
Piqua School District	\$10,000,239	\$ 718,046	\$ 9,282,193	81.55%	\$ 7,569,628
Upper Valley Joint Vocational School	1,900,000	364,012	1,535,988	15.98	245,451
Miami County	<u>18,935,000</u>	<u>394,799</u>	<u>18,540,201</u>	15.84	<u>2,936,768</u>
Total overlapping debt	30,835,239	1,476,857	29,358,382		10,751,847
City of Piqua	1,440,977	62,857	1,378,120	100.00%	1,378,120
Total net direct and overlapping debt	<u>\$32,276,216</u>	<u>\$ 1,539,714</u>	<u>\$ 30,736,502</u>		<u>\$ 12,129,967</u>

(1) Assessed valuation of City of Piqua divided by assessed valuation of each taxing district.

Source: Individual Jurisdictions

Table 10

CITY OF PIQUA, OHIO
DEBT COVERAGE
BUSINESS TYPE ACTIVITIES
DECEMBER 31, 2007

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Power										
Gross revenues	\$ 21,488,905	\$ 18,725,494	\$ 18,393,373	\$ 16,768,510	\$ 16,872,661	\$ 17,648,101	\$ 17,411,299	\$ 17,125,470	\$ 16,851,349	\$ 16,690,016
Direct operating expenses	20,643,787	14,259,799	15,533,778	15,403,238	15,151,271	15,639,200	12,375,133	12,167,826	11,585,345	11,368,699
Net revenue available for debt service	845,118	4,465,695	2,839,595	1,365,272	1,721,390	2,008,901	5,036,166	4,957,644	5,266,004	5,321,317
General obligation debt service requirements	404,280	406,180	402,880	403,789	488,902	449,075	448,375	446,700	444,050	445,750
Revenue obligation debt service requirements								\$ 1,031,230	\$ 1,037,510	\$ 1,035,605
Debt service coverage	209	1,099	705	338	352	447	1,123	335	355	359
Wastewater										
Gross revenues	\$ 2,756,313	\$ 2,730,291	\$ 2,690,664	\$ 2,650,812	\$ 2,640,767	\$ 2,673,074	\$ 2,675,182	\$ 2,759,431	\$ 2,715,283	\$ 2,696,766
Direct operating expenses	1,678,005	1,832,516	1,629,290	1,588,385	1,532,618	1,414,830	1,340,327	1,323,629	1,296,479	1,318,725
Net revenue available for debt service	1,078,308	897,775	1,061,374	1,062,427	1,108,150	1,238,244	1,334,855	1,433,802	1,418,804	1,378,041
General obligation debt service requirements	176,963	188,925	200,888	212,850	224,813	236,775	248,738	260,700	272,662	284,625
Revenue obligation debt service requirements	\$ 506,537	\$ 506,537	\$ 820,578	\$ 824,628	\$ 824,628	\$ 824,628	\$ 824,628	\$ 824,628	\$ 824,628	\$ 824,628
Debt service coverage	158	129	104	102	106	119	124	132	129	124
Water										
Gross revenues	\$ 2,751,678	\$ 2,673,640	\$ 2,545,102	\$ 2,516,706	\$ 2,505,710	\$ 2,531,566	\$ 2,551,938	\$ 2,628,040	\$ 2,639,794	\$ 2,638,260
Direct operating expenses	2,246,806	2,109,256	2,185,363	2,025,244	1,845,434	2,116,968	1,896,951	1,584,915	1,630,867	1,532,711
Net revenue available for debt service	504,872	564,384	359,739	491,462	660,276	414,598	654,987	1,043,125	1,008,927	1,105,549
General obligation debt service requirements	50,947	52,910	50,238	48,281	50,468	52,578	51,003	52,785	54,498	52,582
Revenue obligation debt service requirements	\$ 135,122	\$ 223,753	\$ 66,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service coverage	271	204	308	1,018	1,308	789	1,284	1,976	1,851	154
Golf										
Gross revenues	\$ 623,722	\$ 600,967	\$ 625,511	\$ 594,655	\$ 562,643	\$ 504,753	\$ 564,183	\$ 583,356	\$ 612,365	\$ 567,804
Direct operating expenses	568,058	550,122	539,118	541,073	467,023	390,479	380,037	324,720	379,761	314,923
Net revenue available for debt service	55,664	50,845	86,393	53,582	95,620	114,274	184,146	258,636	232,604	252,881
General obligation debt service requirements	\$ 180,231	\$ 177,532	\$ 180,205	\$ 265,233	\$ 215,598	\$ 230,774	\$ 230,747	\$ 231,040	\$ 230,936	\$ 230,284
Debt service coverage	31	29	48	20	44	50	80	112	101	110
Pool										
Gross revenues	\$ 89,708	\$ 90,075	\$ 96,102	\$ 74,383	\$ 77,338	\$ 91,672	\$ 72,303	\$ 63,883	\$ 73,579	\$ 60,339
Direct operating expenses	150,393	130,650	134,709	120,242	118,075	116,283	119,179	106,287	121,457	81,249
Net revenue available for debt service	(60,685)	(40,575)	(38,607)	(45,859)	(40,737)	(24,611)	(46,876)	(42,404)	(47,878)	(20,910)
General obligation debt service requirements	\$ 8,622	\$ 8,493	\$ 8,603	\$ 12,932	\$ 10,410	\$ 11,156	\$ 11,169	\$ 11,168	\$ 11,155	\$ 11,132
Debt service coverage	(704)	(478)	(449)	(355)	(391)	(221)	(420)	(380)	(429)	(188)

Gross revenues include operating revenue plus interest income
 Direct operating expenses exclude depreciation
 Annual debt service requirement includes principal and interest

Source: City of Piqua Finance Department

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2007**

<u>NAME OF EMPLOYER</u>	<u>NATURE OF BUSINESS</u>	<u>TOTAL EMPLOYMENT</u>	<u>PERCENT OF TOTAL EMPLOYMENT</u>
Piqua City Schools	Public school district	393	3.8%
Walmart Stores Inc.	Retail store	345	3.4%
Charter Corporation	Manufacturer of aircraft propellers	339	3.3%
Spalding & Evenflo Company Inc.	Manufacturer of juvenile furniture	315	3.1%
Jackson Tube Service Inc.	Manufacturer of steel tubing	310	3.0%
Crane Pumps & Systems Inc.	Manufacturer of industrial, wastewater, water supply pumps and cleaning systems	300	2.9%
Industry Products	Manufacturer of die cutting equipment	283	2.8%
Upper Valley JVS	Regional joint vocational school	245	2.4%
City of Piqua	Municipal government	209	2.0%
Piqua Technologies Inc.	Manufacturer of automotive gaskets and insulating prod	200	1.9%
Edison Community College	State community college	198	1.9%
	Total available employment	10,259	

**PRINCIPAL EMPLOYERS
DECEMBER 31, 1998**

<u>NAME OF EMPLOYER</u>	<u>NATURE OF BUSINESS</u>	<u>TOTAL EMPLOYMENT</u>	<u>PERCENT OF TOTAL EMPLOYMENT</u>
Spalding & Evenflo Company Inc.	Manufacturer of juvenile furniture	700	6.8%
Crane Pumps & Systems Inc.	Manufacturer of industrial, wastewater, water supply pumps and cleaning systems	400	3.9%
Piqua City Schools	Public school district	331	3.2%
Jackson Tube Service Inc.	Manufacturer of steel tubing	328	3.2%
Charter Corporation	Manufacturer of aircraft propellers	327	3.2%
Industry Products	Manufacturer of die cutting equipment	280	2.7%
Hartzell Industries Inc.	Manufacturer of industrial fans	256	2.5%
City of Piqua	Municipal government	221	2.2%
Miami Valley Steele	Manufacturer of split coiled steele	140	1.4%
Orr Felt Company	Manufacturer of paper maker felts	124	1.2%
	Total available employment	9,613	

Source: City of Piqua Finance Department

Table 12

CITY OF PIQUA, OHIO

PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2007
LAST SEVEN YEARS

Name of Taxpayer	Nature of Business	2007 Assessed Valuation	Percent of Total Assessed Valuation	2006 Assessed Valuation	2005 Assessed Valuation	2004 Assessed Valuation	2003 Assessed Valuation	2002 Assessed Valuation	2001 Assessed Valuation
Midanco	Shopping mall	\$ 8,973,950	2.53%	\$ 8,819,110	\$ 8,792,120	\$ 9,677,310	\$ 9,677,310	\$ 10,345,670	\$ 10,345,670
Jackson Tube Service Inc.	Manufacturer of steel tubing	5,959,740	1.68%	8,455,350	9,498,430	9,099,760	8,389,390	9,310,510	8,636,390
Spalding & Evenflo Co., Inc.	Manufacturer of juvenile furniture	4,739,550	1.34%	6,838,690	7,502,000	8,650,400	8,514,030	11,285,850	10,245,560
Harvey Tolson Real Estate	Shopping mall	4,284,110	1.21%						
Crane Pumps & Systems Inc.	Manufacturer of industrial, wastewater, water supply pumps and cleaning systems	3,379,180	0.95%	4,258,480	4,258,480	3,578,640	4,271,600	4,309,900	3,672,460
Walmart Stores Inc.	Retailer of consumer goods	3,230,090	0.91%	3,804,410	-	-	-	-	-
Charter Corporation	Manufacturer of aircraft propellers	3,144,000	0.89%	4,781,320	4,781,320	4,722,390	5,213,170	5,726,630	5,180,430
Miami Valley Steel	Manufacturer of split rolled steel	3,002,120	0.85%	4,086,600	6,144,020	5,404,790	4,618,970	5,109,430	4,018,570
HCF Inc.	Nursing home	2,863,080	0.81%						
Home Depot Inc.	Retailer of hardware	2,819,960	0.80%	3,071,200	3,240,210	3,240,210	-	-	-
Paul Sherry Chevrolet/Chrysler	Automobile and recreation vehicle retailer	2,749,680	0.78%	3,806,220	5,770,180	5,787,900	4,745,020	4,389,380	4,854,920
TOTAL		\$ 45,145,460	12.75%	\$ 47,921,380	\$ 49,986,760	\$ 50,161,400	\$ 45,429,490	\$ 50,477,370	\$ 46,954,000
TOTAL ASSESSED VALUATION		\$ 354,618,720		\$ 359,770,560	\$ 356,987,690	\$ 347,897,210	\$ 351,442,920	\$ 343,942,070	\$ 328,345,730

Source: Miami County Auditor's Office

CITY OF PIQUA, OHIO

Table 13

FULL TIME EMPLOYEES BY PROGRAM/DEPARTMENT
LAST TEN YEARS

PROGRAM	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
GOVERNMENTAL ACTIVITIES										
General Government:										
City Building	1.00	1.00	1.00	1.00	-	-	-	-	-	-
City Manager	3.25	3.25	2.25	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Law Department	1.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.00
Planning and Zoning	2.00	2.00	2.00	-	-	-	-	-	-	-
Prosecutor	0.00	1.00	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Human Resources	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00
Finance	20.00	20.00	20.00	19.50	20.00	21.00	21.00	21.00	21.00	20.00
Purchasing	1.00	1.00	1.00	1.00	-	-	1.00	1.00	1.00	1.00
Engineering	4.50	4.50	6.00	6.00	6.00	6.00	6.50	6.50	8.50	9.50
Hotel Project Manager	1.00	1.00	-	-	-	-	-	-	-	-
Health	6.00	6.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	4.00
Public Safety:										
Police	40.00	40.00	40.00	40.50	40.00	39.00	40.50	40.50	40.50	39.50
Fire	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Streets:	17.00	17.00	17.00	16.00	17.50	19.00	21.00	18.50	17.50	17.50
Parks:	11.00	11.00	9.75	9.75	13.00	13.00	15.00	15.00	15.00	11.00
Community Development:	2.75	2.75	2.75	3.00	3.00	2.00	3.50	-	-	-
Total governmental activities	143.25	143.50	140.50	137.50	141.25	142.00	151.50	145.50	146.50	139.50
BUSINESS-TYPE ACTIVITIES										
Power:	33.50	33.50	37.00	37.00	37.00	38.00	39.00	39.00	40.00	41.00
Wastewater:	14.00	14.00	14.00	14.00	14.00	15.50	15.50	15.50	15.50	14.00
Water:	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50
Refuse:	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Golf:	13.00	14.00	13.00	14.00	14.00	10.50	10.50	10.50	9.00	11.50
Pool:	15.00	14.00	15.00	15.00	15.50	16.50	16.50	17.50	14.50	18.50
Total business-type activities	102.00	102.00	105.50	106.50	107.00	107.00	108.00	109.00	105.50	111.50
Internal Service:										
Information Technology	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Totals	248.25	248.50	249.00	247.00	251.25	252.00	262.50	257.50	255.00	254.00

Source: City of Piqua 2008-1998 annual budgets

Method: Using 1.0 for each full-time employee and increments of 0.5 for each part-time employee, count taken at December 31st.

CITY OF PIQUA, OHIO

Table 14

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Health Department										
Restaurant inspections	672	702	688	501	789	697	305	408	383	361
Swimming pool inspections	70	60	42	31	66	61	33	26	22	33
Nuisance consultations	2,551	3,447	2,235	1,753	1,891	1,898	1,430	1,100	916	720
Housing/Property maintenance enforcements	2,910	2,501	1,395	1,333	1,441	1,248	1,391	1,145	n/a	n/a
Public Works										
Right of way opening permits	100	77	87	52	26	0	0	0	0	0
Subdivision construction plan approvals	2	2	2	0	4	n/a	n/a	n/a	n/a	n/a
Area of City (in square miles)	11.4	11.4	11.4	11.3	11.3	11.3	11.3	11.1	11	10.7
Street Maintenance										
Miles of streets	103	100.4	100.4	103.3	103	100.3	99	99	99	88.2
Miles of streets repaved	5.8	2.5	4.2	3.9	1.9	2.5	3.6	4.2	n/a	n/a
Cubic yards of leaves disposed of	804	1555	1022	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tons of salt used	3,000	450	2,300	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Parks District										
Number of parks	19	19	19	19	19	19	18	16	16	16
Acreage in parks	441.8	441.8	441.8	441.8	441.8	429	422	330	330	330
Fountain Park pool attendance	5040	5015	n/a	n/a	n/a	n/a	5013	n/a	3526	n/a
Building rentals Mote Park	260	340	311	301	320	329	398	363	248	105
Building rentals all other parks	189	200	199	189	186	129	189	154	134	122
Fire Department										
Fire calls	514	500	466	450	475	489	526	528	512	538
Ems Response calls	3,083	3,120	2,990	3,083	2,787	2,551	2,571	2,638	2,567	2,467
Number of Sworn Officers	29	29	29	29	29	29	29	29	29	29
Number of Fire houses	1	1	1	1	1	1	1	1	1	1
Number of ambulances and fire response vehicles	13	13	13	12	11	11	11	10	10	10
Police Department										
Calls for service	22,618	24,627	28,895	31,318	31,103	33,393	36,740	37,176	34,402	32,362
Traffic citations	1,240	2,182	1,737	1,978	1,931	2,144	2,650	2,681	2,215	2,368
Number of sworn officers	34	34	34	34	34	33	33	33	32	32
Number of police response vehicles	26	26	26	24	24	24	24	24	24	24
Planning & Zoning Department										
Zoning Permit applications	152		37	18	16	8	23	15	20	17
Commercial construction permits	47	62								
Commercial construction value in (,000)	\$ 12,124	\$ 7,244	\$ 11,774	\$ 12,619	\$ 7,939	\$ 2,681	\$ 9,486	\$ 15,054	\$ 4,937	\$ 18,310
Residential construction permits	103	107	44	50	34	56	50	59	56	66
Residential construction value in (,000)	\$ 2,836	\$ 4,807	\$ 8,195	\$ 8,558	\$ 5,284	\$ 8,244	\$ 7,979	\$ 9,153	\$ 8,545	\$ 9,256

Source: City of Piqua Finance Department

Continued

CITY OF PIQUA, OHIO

Table 14

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Power utility										
Residential KWH billed (,000)	94,310	91,042	93,113	86,429	86,476	89,791	82,742	79,886	n/a	n/a
Residential billed revenue (,000)	\$ 6,825	\$ 5,675	\$ 5,824	\$ 5,198	\$ 5,211	\$ 5,534	\$ 5,186	\$ 4,988	\$ 4,988	n/a
Commercial KWH billed (,000)	114,998	119,563	118,880	114,671	108,145	110,991	106,599	109,611	n/a	n/a
Commercial billed revenue (,000)	\$ 7,219	\$ 6,670	\$ 6,719	\$ 6,258	\$ 5,921	\$ 6,233	\$ 6,223	\$ 6,296	\$ 6,344	n/a
Industrial KWH billed (,000)	110,690	105,373	96,145	91,083	93,246	95,461	92,111	96,428	n/a	n/a
Industrial billed revenue (,000)	\$ 6,180	\$ 5,141	\$ 4,853	\$ 4,380	\$ 4,559	\$ 4,816	\$ 4,773	\$ 4,861	\$ 4,568	n/a
Customer base	11,047	11,081	11,124	11,072	11,015	10,941	10,474	10,431	10,319	10,224
Construction line vehicles	25	25	25	25	25	25	25	25	25	25
Water utility										
Residential gallons billed (,000)	441,838	437,129	462,664	456,342	455,804	466,323	445,323	452,296	n/a	n/a
Residential billed revenue (,000)	\$ 1,937	\$ 1,871	\$ 1,856	\$ 1,834	\$ 1,830	\$ 1,855	\$ 1,796	\$ 1,810	\$ 1,808	n/a
Commercial gallons billed (,000)	160,127	156,082	160,263	155,211	148,757	159,680	160,346	166,404	n/a	n/a
Commercial billed revenue (,000)	\$ 533	\$ 517	\$ 500	\$ 491	\$ 480	\$ 499	\$ 502	\$ 517	\$ 533	n/a
Industrial gallons billed (,000)	48,475	41,575	39,167	41,267	38,294	46,166	46,456	53,810	n/a	n/a
Industrial gallons revenue (,000)	\$ 139	\$ 120	\$ 111	\$ 115	\$ 110	\$ 125	\$ 126	\$ 140	\$ 154	n/a
Customer base	8,776	8,892	8,828	8,811	8,733	8,670	8,655	8,556	8,475	8,387
Vehicles in repair fleet	10	10	10	10	10	10	10	10	10	10
Wastewater utility										
Residential gallons billed (,000)	427,048	427,332	452,488	443,564	446,267	448,764	436,989	437,877	n/a	n/a
Residential billed revenue (,000)	\$ 2,002	\$ 1,960	\$ 2,035	\$ 2,003	\$ 2,006	\$ 2,014	\$ 1,974	\$ 1,965	\$ 1,956	n/a
Commercial gallons billed (,000)	129,902	134,651	135,340	133,097	129,590	135,082	139,986	154,794	n/a	n/a
Commercial billed revenue (,000)	\$ 436	\$ 438	\$ 438	\$ 434	\$ 425	\$ 440	\$ 455	\$ 500	\$ 490	n/a
Industrial gallons billed (,000)	60,383	57,949	53,457	49,427	44,058	56,070	49,580	57,554	n/a	n/a
Industrial billed revenue (,000)	\$ 196	\$ 183	\$ 171	\$ 161	\$ 147	\$ 175	\$ 162	\$ 178	\$ 183	n/a
Customer base	8,471	8,491	8,489	8,487	8,413	8,365	8,348	8,306	8,207	8,136
Vehicles in repair fleet	9	9	8	8	8	8	8	8	8	8
Refuse utility										
Residential customers billed	7,600	7,652	7,648	7,594	7,490	7,465	7,407	7,359	n/a	n/a
Commercial customers billed	97	74	75	78	77	76	66	67	n/a	n/a
Residential and commercial revenue billed (,000)	\$ 1,245	\$ 1,108	\$ 1,082	\$ 1,037	\$ 1,023	\$ 1,031	\$ 1,036	\$ 1,030	\$ 1,023	\$ 1,124
Tons of refuse collected	8745	9375	9271	9476	9656	9256	9165	9088	8684	7968
Tons of recycled refuse collected	1171	1192	1069	912	1079	1043	1009	999	1009	1083
Recycling fees collected	244	224	219	212	209	169	113	113	112	n/a
Vehicles in service	7	7	7	7	7	7	7	7	7	7
Golf Course										
Annual memberships	151	153	256	131	154	384	488	554	556	509
Rounds of golf played	22,750	22,965	25,033	24,151	22,230	28,262	33,235	36,942	38,304	38,304
Revenue collected (,000)	\$ 618	\$ 597	\$ 623	\$ 593	\$ 562	\$ 501	\$ 558	\$ 573	\$ 605	\$ 561

Source: City of Piqua Finance Department

Continued

CITY OF PIQUA, OHIO

Table 14

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Municipal swimming pool										
Annual memberships	373									
Annual attendance	18,119	20,435	21,439	24,670	25,283	25,532	23,108	22,475	23,128	18,589
Revenue collected (,000)	\$ 89	\$ 89	\$ 95	\$ 74	\$ 77	\$ 91	\$ 70	\$ 60	\$ 70	\$ 57
General government information										
Number of street lights	2,943	2,938	2,943	2,918	2,899	2,902	2,889	2,739	2,773	2,644
Number of public libraries	1	1	1	1	1	1	1	1	1	1
Volumes of books in public libraries	140,181	136,023	137,389	136,096	165,179	107,000	124,032	127,394	107,593	107,593
Population	20,738	20,738	20,738	20,738	20,738	20,738	20,738	20,738	20,612	20,612
High school enrollment	3,766	3,792	3,922	3,932	3,932	3,861	3,846	3,911	4,015	3,937
Miami county unemployment rate	6.3%	5.4%	5.4%	6.4%	5.8%	6.1%	4.8%	2.8%	3.2%	3.0%
Household median income	\$ 49,068	\$ 43,861	\$ 42,378	\$ 40,945	\$ 39,560	\$ 38,222	\$ 36,930	\$ 35,681	\$ 33,438	\$ 32,623
Income per capita	\$ 24,622	\$ 23,014	\$ 22,235	\$ 21,483	\$ 20,757	\$ 20,055	\$ 19,377	\$ 18,719	\$ 17,545	\$ 17,117
Estimate total property value of city (,000)	\$ 1,013,963	\$ 1,100,519	\$ 1,069,733	\$ 1,069,733	\$ 1,086,863	\$ 1,061,860	\$ 1,013,309	\$ 1,006,266	\$ 942,874	\$ 845,408

Source: City of Piqua Finance Department, Fleish Public Library, Piqua City Schools, 2000 Census, & Miami Co. Jobs & Family Services

Concluded

CITY OF PIQUA, OHIO

Reports Issued Pursuant to
Government Auditing Standards
and
OMB Circular A-133

For the year ended December 31, 2007

**CITY OF PIQUA, OHIO
MIAMI COUNTY**

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Commission
City of Piqua, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Piqua, Miami County, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We consider the deficiency described as finding 2007-001 in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated June 23, 2008.

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

This report is intended for the information and use of the audit committee, management, City Commission, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
June 23, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the City Commission
City of Piqua, Ohio

Compliance

We have audited the compliance of the City of Piqua, Miami County, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control over Compliance

The management of the City 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 City's internal control over compliance with the requirements that could have a direct and material effect on 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 City's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, City Commission, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Kennedy Cottrell Richards LLC
June 23, 2008

**CITY OF PIQUA, OHIO
MIAMI COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2007

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HUD</u>			
<i>Pass-through State Department of Development:</i>			
Community Development Block Grant - 2004 CHIP	14.228	a-c-04-165-1	\$ 2,317
Community Development Block Grant - 2006 CHIP	14.228	a-f-06-165-1	67,362
Community Development Block Grant - 2005 Formula Program	14.228	a-f-05-165-1	316,298
Community Development Block Grant - 2006 Formula Program	14.228	a-f-06-165-1	7,681
Community Development Block Grant - 2007 Formula Program	14.228	a-f-07-165-1	-
Community Development Block Grant - 2005 Microenterprise	14.228	a-m-05-165-1	44,418
Community Development Block Grant - 2006 Targets of Opportunity	14.228	a-d-06-165-1	<u>100,000</u>
Total Community Development Block Grants/ State's Program			538,076
HOME Investments Partnership Program - 2004 CHIP	14.239	a-c-04-165-2	17,142
HOME Investments Partnership Program - 2006 CHIP	14.239	a-c-06-165-2	<u>66,815</u>
Total HOME Investments Partnership Program			83,957
Total U.S. Department of HUD			<u>622,033</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Pass-through Ohio Office of Justice Programs:</i>			
Forensic Computer Lab	16.738	2005-JG-LLE-5195	9,900
Body Armour Grant	16.607	2005BUBX05029246	4,884
Total U.S. Department of Justice			<u>14,784</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Pass-through Ohio Emergency Management Agency:</i>			
Water Treatment Plant Security	97.307	s06-shsp6-55-03-01	<u>15,889</u>
Total Homeland Security			<u>15,889</u>
Total Federal Awards Expenditures			<u>\$ 652,706</u>

**CITY OF PIQUA, OHIO
MIAMI COUNTY**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2007

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the City of Piqua, Ohio (City) as the primary government and is presented on the accrual basis of accounting. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule.

Note 2. Matching Requirements

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

Note 3. Loans Outstanding

The City of Piqua had the following loan balances, net of allowance for uncollectible loans, outstanding at December 31, 2007:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
CDBG Microenterprise Program	14.228	\$6,509

**CITY OF PIQUA, OHIO
MIAMI COUNTY**

SUMMARY SCHEDULE OF FINDINGS

DECEMBER 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant CFDA # 14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

CITY OF PIQUA, OHIO
MIAMI COUNTY

SUMMARY SCHEDULE OF FINDINGS

DECEMBER 31, 2007

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

2007-1 Significant Deficiency – Financial Reporting

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the City.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

As a result of our audit, we identified misstatements in the City's financial statements pertaining to (1) the classification of net assets, and (2) the presentation of an offsetting asset and liability. We also identified various adjustments to the notes to the financial statements. We provided adjusting entries to the City and they subsequently corrected the misstatements. The misstatements are an indicator that the City does not have sufficient internal control procedures in place related to financial reporting.

It is important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements. We recommend the City implement sufficient control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements and footnotes.

Official's Response

The City of Piqua's internal control structure is adequate and may be relied on by management. The above item pertained to a unique construction project combining federal, state, and local dollars. Due to a recent change in a grant requirement at the state level, the state transferred OPWC funds into an escrow account at ODOT; therefore, this is a memo entry only on our financial statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

CITY OF PIQUA

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 26, 2008**