

VILLAGE OF DEGRAFF

DAYTON REGION, LOGAN COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 – 2006



Mary Taylor, CPA
Auditor of State

Members of Council
Village of Degraff
102 South Main Street
PO Box 309
Degraff, Ohio 43318

We have reviewed the *Independent Accountants' Report* of the Village of Degraff, Logan County, prepared by Manning & Associates, CPAs, LLC, for the audit period January 1, 2006 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 Village of Degraff is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 22, 2008

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LOGAN COUNTY**

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MANNING & ASSOCIATES CPAS, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

INDEPENDENT ACCOUNTANTS' REPORT

Members of Council
Village of DeGraff
Logan County
107 South Main Street
P.O. Box 309
DeGraff, Ohio 43318

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village of DeGraff, Logan County, Ohio, (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of DeGraff, Logan County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General fund, Street Construction, Maintenance and Repair fund, and the Fire funds thereof and for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2008, on our consideration of the Village's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should be read it in conjunction with this report in assessing the results of our audit.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

May 20, 2008

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Village of DeGraff
Logan County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of the Village of DeGraff's, Logan County financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2007 and 2006, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$9,937 or 6 percent, not a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2007.

The Village's general receipts are primarily income taxes, real estate and property taxes for government activities. Property and income tax receipts for 2007 and 2006 changed very little compared to 2005 as development within the Village has slowed. These receipts represent 86% and 82% for 2007 and 2006, respectively.

Net assets of the Business-type activities decreased \$12,799 or 2.3 percent, an insignificant change from 2006. The fund most affected by the decrease in cash and cash equivalent was the Sewer Fund. The Water fund had an increase of \$14,734.

The Village submitted, and was approved, for financial assistance from the Ohio Public Works Commission State Capital Improvement And/Or Local Transportation Improvement Program for the Main Street Resurfacing Project in the amount of \$60,021. The Village's matching amount was \$31,048.

The Village placed a .70 mil Cemetery Levy on the November 6th ballot; the levy passed. The levy is for the operations of the Greenwood-Union Cemetery.

In 2007, the Village received grant funds from Department of Homeland Security for Assistance to Firefighters Grant program. The funds were used to purchase new equipment for the Village's Volunteer Fire Department.

The DeGraff/Quincy jointly owned Waste Water Treatment Facility went online for full operations. The Village shares the cost with the Village of Quincy based on the proportionate share of usage. In 2007 and 2006, 70% was allocated to the Village.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$70,232 or 83 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Fire Fund, which realized the greatest increase due to the passage of a fire levy and transfer from the General Fund. This fund was established to support all transactions for the Village Volunteer Fire Department.

Net assets of the Business-type activities decreased \$15,702 or 3 percent, an insignificant change from 2005.

Village of DeGraff
Logan County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

Highlights (continued)

The Village submitted, and was approved, for financial assistance from the Ohio Public Works Commission State Capital Improvement and/or Local Transportation Improvement Program for the Main Street Resurfacing Project in the amount of \$55,444. The Village's matching amount was \$6,200.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting. The statements are organized so the reader can understand the Village as a financial whole, or as an entire operating entity.

Report Components

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

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Village of DeGraff
Logan County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

Reporting the Government as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village of DeGraff.

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

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

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

Village of DeGraff
Logan County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

Reporting the Government's Most Significant Funds

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2007 and 2006 are the General Fund, the Street Construction Fund, and Fire Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a modified cash basis:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets						
Cash and Cash Equivalents	164,836	154,899	539,639	552,438	704,475	707,337
Total Assets	<u>\$164,836</u>	<u>\$154,899</u>	<u>\$539,639</u>	<u>\$552,438</u>	<u>\$704,475</u>	<u>\$707,337</u>
Net Assets						
Restricted for:						
Other Purposes	115,392	82,923	0	0	115,392	82,923
Unrestricted	49,444	71,976	539,639	552,438	589,083	624,414
Total Net Assets	<u>\$164,836</u>	<u>\$154,899</u>	<u>\$539,639</u>	<u>\$552,438</u>	<u>\$704,475</u>	<u>\$707,337</u>

Village of DeGraff
Logan County
Management's Discussion and Analysis
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Unaudited

The Government as a Whole (continued)

As mentioned previously, net assets of governmental activities decreased \$ 9,937 or 6 percent during 2007. The primary reasons contributing to the decreases in cash balances are as follows:

- The Village had several streets that were in poor condition that require continuous repairs. New catch basins were installed in Village streets, and at the Park to address flood issues
- In 2007, the Village replaced curbs prior to a State resurfacing project on SR 235 which runs through the Village. The curb replacement project cost the Village approximately \$35,000.
- In 2007 and 2006, the Voluntary Fire Department incurred several repair expenses due to inadequate, and poor conditioned equipment and vehicles.
- Net assets of the business-type activities decreased by \$12,799 or 2.3% in 2007 and decreased \$15,702 or 3% in 2006.

Village of DeGraff
Logan County
Management's Discussion and Analysis
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Table 2 reflects the changes in net assets in 2007 and 2006:

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Business Type Activities 2007	Business Type Activities 2006	Total 2007	Total 2006
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$19,583	\$13,245	\$364,758	\$373,583	\$384,341	\$386,828
Operating Grants and Contributions	71,578	63,940	0	0	71,578	63,940
Capital Grants and Contributions	301,833	55,444	0	0	301,833	55,444
Total Program Receipts	392,994	132,629	364,758	373,583	757,752	506,212
General Receipts:						
Property and Other Local Taxes	95,656	95,863	0	0	95,656	95,863
Income Taxes	190,657	189,669	0	0	190,657	189,669
Grants and Entitlements Not Restricted to Specific Programs	35,777	51,624	0	0	35,777	51,624
Interest	6,539	5,831	8,659	0	15,198	5,831
Miscellaneous	3,279	3,350	0	0	3,279	3,350
Total General Receipts	331,908	346,337	8,659	0	340,567	346,337
Total Receipts	724,902	478,966	373,417	373,583	1,098,319	852,549
Disbursements:						
General Government	127,688	107,401	0	0	127,688	107,401
Security of Persons and Property:	357,244	94,173	0	0	357,244	94,173
Public Health Services	9,840	14,432	0	0	9,840	14,432
Leisure Time Activities	14,907	15,121	0	0	14,907	15,121
Community Environment	2,542	2,388	0	0	2,542	2,388
Basic Utilities	0	783	0	0	0	783
Transportation	123,898	99,676	0	0	123,898	99,676
Capital Outlay	60,020	55,444	0	0	60,020	55,444
Principal Retirement	15,486	15,486	0	0	15,486	15,486
Interest and Fiscal Charges	3,340	3,830	0	0	3,340	3,830
Water	0	0	117,531	135,956	117,531	135,956
Sewer	0	0	265,913	251,027	265,913	251,027
Sewer Reserve	0	0	2,772	2,302	2,772	2,302
Total Disbursements	714,965	408,734	386,216	389,285	1,101,181	798,019
Excess (Deficiency) Before Transfers	9,937	70,232	(12,799)	(15,702)	(2,862)	54,530
Increase (Decrease) in Net Assets	9,937	70,232	(12,799)	(15,702)	(2,862)	54,530
Net Assets, January 1	154,899	84,667	552,438	568,140	707,337	652,807
Net Assets, December 31	\$164,836	\$154,899	\$539,639	\$552,438	\$704,475	\$707,337

Village of DeGraff
Logan County
Management's Discussion and Analysis
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Governmental Activities Receipts

Program receipts in the governmental activities represent 54 and 27 percent of total receipts for 2007 and 2006, respectively. They are primarily comprised of intergovernmental receipts such as motor vehicle license, gas tax money, and permissive tax and grants.

General receipts in the governmental activities represent 46 and 73 percent of the Village's total receipts for 2007 and 2006, respectively. Local and income taxes represent 86 and 82 percent of the general receipts. Grants and entitlements make up the significant balance of the general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Business Type Receipts

In the business type activities program receipts account for 97 and 100 percent of the total receipts. These receipts are comprised of charges for services, i.e. water and sewer charges, and capital grant contributions.

General receipts in the business type activities represent 3 and 0 percent of the Village's total business type receipts for 2007 and 2006, respectively.

Governmental Activities Disbursements

Disbursements for General fund represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments. The disbursements for Street Construction Fund are for improving and maintaining Village streets. The disbursements for the Fire Fund are for to maintain safety and welfare of the community and surrounding areas. The remaining non-major governmental type funds are considered special revenue type funds. These funds expend monies to provide for parks and recreation of the Village residents; police protection; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Business Type Disbursements

he disbursements of the Water fund are for the purpose of maintaining water lines; treatment of water; paying of wages of the department. The disbursements of the sewer fund are for the purpose of improving and maintaining sewer lines; payment of the wages of the department; and debt service.

Governmental Activities

If you look at the Statement of Activities on pages 15 and 26, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property, which account for 17 and 49 percent of all governmental disbursements, in 2007 and 24 percent and 23 percent in 2006, respectively. General government also represents a significant cost, about 17 and 26 percent, for 2007 and 2006, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Village of DeGraff
Logan County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and 2006
Unaudited

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2007	2007	2006	2006
Security of Persons and Property	357,244	103,436	94,173	85,373
Public Health Services	9,840	9,840	14,432	14,432
Leisure Time Activities	14,907	14,907	15,121	15,121
Community Environment	2,542	2,082	2,388	1,965
Basic Utilities Services	0	0	783	783
Transportation	123,898	52,320	99,676	37,286
General Government	127,688	120,560	107,401	101,829
Capital Outlay	60,020	0	55,444	0
Principal Retirement	15,486	15,486	15,486	15,486
Interest and Fiscal Charges	3,340	3,340	3,830	3,830
Total Expenses	<u><u>714,965</u></u>	<u><u>321,971</u></u>	<u><u>408,734</u></u>	<u><u>276,105</u></u>

The dependence upon income tax receipts is apparent as over 26.7 percent for 2007 and 46.4 percent for 2006, of governmental activities are supported through these general receipts.

The Village's Funds

Governmental Funds

Total governmental funds had receipts of \$724,902 and \$478,966 for 2007 and 2006, and disbursements of \$714,965 and \$408,734 for 2007 and 2006, respectively. The greatest changes occurred in the Fire fund with the purchase of the new truck and the passage of levy in the Cemetery Fund and Fire fund.

Business Type Funds

In 2007, business type funds had receipts of \$373,417 and disbursements of \$386,216. The greatest change within the business type funds occurred within the Sewer Fund.

In 2006, business type funds had receipts of \$373,583 and disbursements of \$389,285. The greatest change within the business type funds occurred within the Sewer Fund. The change can be attributed to rate increases. The new infrastructure with the Village of Quincy was put into full operation in 2006.

General Fund Budgeting Highlights

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

Village of DeGraff
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Management's Discussion and Analysis
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General Fund Budgeting Highlights (continued)

During 2007 and 2006, the Village amended its General Fund budget several times to reflect changing circumstances. In 2007, the difference between the final budgeted receipts and actual receipts was not significant

Final disbursements for 2007, for the General Fund were budgeted at \$386,454 while actual disbursements were \$297,823. Final disbursements for 2006 were budgeted at \$ 333,960 while actual disbursements were \$262,257. The Village disbursed 77 and 78 percent of the budget for 2007 and 2006, respectively. The Village takes due diligence in keeping spending to a respectable level in order to assure funds for future projects.

Capital Assets and Debt Administration

Capital Assets

The Village maintains capital asset listings for the Fire Department, Street/Water Department, and the Police Department, these records are not required to be presented in the financial statements.

Debt

At December 31, 2007, the Village's outstanding debt totaled \$479,671 comprising various debt issuances for business type activities for water and sewer projects. Governmental fund activities have two loans for the purchase of maintenance vehicles. The Village is responsible for to the Village of Quincy for the joint venture in waste water treatment plant current debt liability is \$1,096,014, assuming a 70% prorated share. For further information regarding the Village's debt refer to note 11 and note 13 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2008; therefore, the finance committee and the administration will continue to review viable options and strategies to delay the deficit. The original plan to implement an additional ½ percent Income Tax Levy for the Special Revenue Street fund, failed in the May 2007 election. We have reduced planned park repairs and maintenance and have also reduced staffing levels in areas where we felt it would the least impact on services. All departments have been asked to reduce their spending for supplies by 10-20 percent.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Linda K. Harford, Fiscal Officer, Village of DeGraff, Logan County, P.O. Box 309, DeGraff, Ohio 43318-0309.

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Village of DeGraff
Logan County
Statement of Net Assets - Modified Cash Basis
December 31, 2007

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 164,836	\$ 539,639	\$ 704,475
<i>Total Assets</i>	<u>\$ 164,836</u>	<u>\$ 539,639</u>	<u>\$ 704,475</u>
 Net Assets			
Restricted for:			
Other Purposes	\$ 115,392	\$ 0	\$ 115,392
Unrestricted	<u>49,444</u>	<u>539,639</u>	<u>589,083</u>
<i>Total Net Assets</i>	<u>\$ 164,836</u>	<u>\$ 539,639</u>	<u>\$ 704,475</u>

See accompanying notes to the basic financial statements

Village DeGraff
Logan County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$ 357,244	\$ 11,995	\$ 0	\$ 241,813	\$ (103,436)	\$ 0	\$ (103,436)
Public Health Services	9,840	0	0	0	(9,840)	0	(9,840)
Leisure Time Activities	14,907	0	0	0	(14,907)	0	(14,907)
Community Environment	2,542	460	0	0	(2,082)	0	(2,082)
Transportation	123,898	0	71,578	0	(52,320)	0	(52,320)
General Government	127,688	7,128	0	0	(120,560)	0	(120,560)
Capital Outlay	60,020	0	0	60,020	0	0	0
Debt Service:							
Principal Retirement	15,486	0	0	0	(15,486)		(15,486)
Interest	3,340	0	0	0	(3,340)	0	(3,340)
<i>Total Governmental Activities</i>	<u>\$ 714,965</u>	<u>\$ 19,583</u>	<u>\$ 71,578</u>	<u>\$ 301,833</u>	<u>\$ (321,971)</u>	<u>\$ 0</u>	<u>\$ (321,971)</u>
Business Type Activities							
Water Operating	\$ 117,531	\$ 132,265	\$ 0	\$ 0	\$ 0	\$ 14,734	\$ 14,734
Sewer Operating	265,913	230,227	0	0	0	(35,686)	(35,686)
Sewer Reserve	2,772	2,266	0	0	0	(506)	(506)
<i>Total Business Type Activities</i>	<u>386,216</u>	<u>364,758</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(21,458)</u>	<u>(21,458)</u>
<i>Total Primary Government</i>	<u>\$ 1,101,181</u>	<u>\$ 384,341</u>	<u>\$ 71,578</u>	<u>\$ 301,833</u>	<u>\$ (321,971)</u>	<u>\$ (21,458)</u>	<u>\$ (343,429)</u>
General Receipts							
Property Taxes					\$ 95,656	\$ 0	\$ 95,656
Municipal Income Taxes					190,657	0	190,657
Grant and Entitlements not Restricted to Specific Programs					35,777	0	35,777
Earnings on Investments					6,539	8,659	15,198
Miscellaneous					3,279	0	3,279
<i>Total General Receipts</i>					331,908	8,659	340,567
Change in Net Assets					9,937	(12,799)	(2,862)
<i>Net Assets Beginning of Year</i>					154,899	552,438	707,337
<i>Net Assets End of Year</i>					<u>\$ 164,836</u>	<u>\$ 539,639</u>	<u>\$ 704,475</u>

See accompanying notes to the basic financial statements

Village of DeGraff

Logan County

Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2007

	General	Street Construction Maint., & Repair	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 33,039	\$ 0	\$ 47,252	\$ 15,365	\$ 95,656
Municipal Income Taxes	190,657	0	0	0	190,657
Intergovernmental	35,777	62,607	241,813	68,991	409,188
Charges for Services	0	0	11,995	0	11,995
Fines, Licenses and Permits	7,588	0	0	0	7,588
Earnings on Investments	5,951	294	0	294	6,539
Miscellaneous	2,279	0	1,000	0	3,279
<i>Total Receipts</i>	<u>\$ 275,291</u>	<u>\$ 62,901</u>	<u>\$ 302,060</u>	<u>\$ 84,650</u>	<u>\$ 724,902</u>
Disbursements					
Current:					
Security of Persons and Property	\$ 63,413	\$ 0	\$ 293,831	\$ 0	\$ 357,244
Public Health Services	0	0	0	9,840	9,840
Leisure Time Activities	14,907	0	0	0	14,907
Community Environment	2,542	0	0	0	2,542
Transportation	77,034	45,612	0	1,252	123,898
General Government	126,575	0	1,113	0	127,688
Capital Outlay	0	0	0	60,020	60,020
Debt Service:					
Principal Retirement	11,000	0	0	4,486	15,486
Interest and Fiscal Charges	2,352	0	0	988	3,340
<i>Total Disbursements</i>	<u>\$ 297,823</u>	<u>\$ 45,612</u>	<u>\$ 294,944</u>	<u>\$ 76,586</u>	<u>\$ 714,965</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(22,532)	17,289	7,116	8,064	9,937
<i>Fund Balances Beginning of Year</i>	<u>71,976</u>	<u>30,907</u>	<u>33,520</u>	<u>18,496</u>	<u>154,899</u>
<i>Fund Balances End of Year</i>	<u>\$ 49,444</u>	<u>\$ 48,196</u>	<u>\$ 40,636</u>	<u>\$ 26,560</u>	<u>\$ 164,836</u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Street Construction, Maint., & Repair	Fire Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 49,444	\$ 48,196	\$ 40,636	\$ 26,560	\$ 164,836
<i>Total Assets</i>	<u>\$ 49,444</u>	<u>\$ 48,196</u>	<u>\$ 40,636</u>	<u>\$ 26,560</u>	<u>\$ 164,836</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 49,444	\$ 0	\$ 0	\$ 0	\$ 49,444
Special Revenue Funds	<u>0</u>	<u>48,196</u>	<u>40,636</u>	<u>26,560</u>	<u>115,392</u>
<i>Total Fund Balances</i>	<u>\$ 49,444</u>	<u>\$ 48,196</u>	<u>\$ 40,636</u>	<u>\$ 26,560</u>	<u>\$ 164,836</u>

See accompanying notes to the basic financial statements

**Village of DeGraff
Logan County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 37,504	\$ 37,504	\$ 33,039	\$ (4,465)
Municipal Income Taxes	189,700	189,700	190,657	957
Intergovernmental	70,824	70,824	35,777	(35,047)
Fines, Licenses and Permits	6,950	6,950	7,588	638
Earnings on Investment	5,500	5,500	5,951	451
Miscellaneous	4,000	4,000	2,279	(1,721)
<i>Total receipts</i>	<u>314,478</u>	<u>314,478</u>	<u>275,291</u>	<u>(39,187)</u>
Disbursements				
Current:				
Security of Persons and Property	66,395	70,757	63,413	7,344
Leisure Time Activities	21,912	21,912	14,907	7,005
Community Environment	3,000	3,000	2,542	458
Transportation	92,167	92,167	77,034	15,133
General Government	188,780	183,018	126,575	56,443
Debt Service:				
Principal Retirement	12,000	11,000	11,000	0
Interest and Fiscal Charges	2,200	4,200	2,352	1,848
<i>Total Disbursements</i>	<u>386,454</u>	<u>386,054</u>	<u>297,823</u>	<u>88,231</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(71,976)</u>	<u>(71,576)</u>	<u>(22,532)</u>	<u>49,044</u>
Other Financing Sources (Uses)				
Transfers Out	0	(400)	0	400
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(400)</u>	<u>0</u>	<u>400</u>
<i>Net Change in Fund Balance</i>	(71,976)	(71,976)	(22,532)	49,444
<i>Fund Balance Beginning of Year</i>	71,976	71,976	71,976	0
<i>Prior Year Encumbrance</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 49,444</u>	<u>\$ 49,444</u>

See accompanying notes to the basic financial statements

**Village of DeGraff
Logan County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction, Maint., & Repair Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 46,808	\$ 46,808	\$ 62,607	\$ 15,799
Earnings on Investment	0	0	294	294
<i>Total receipts</i>	<u>46,808</u>	<u>46,808</u>	<u>62,901</u>	<u>16,093</u>
Disbursements				
Current:				
Transportation	<u>77,715</u>	<u>77,715</u>	<u>45,612</u>	<u>32,103</u>
<i>Total Disbursements</i>	<u>77,715</u>	<u>77,715</u>	<u>45,612</u>	<u>32,103</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(30,907)	(30,907)	17,289	48,196
<i>Fund Balance Beginning of Year</i>	30,907	30,907	30,907	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,196</u>	<u>\$ 48,196</u>

See accompanying notes to the basic financial statements

**Village of DeGraff
Logan County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 43,293	\$ 43,293	\$ 47,252	\$ 3,959
Intergovernmental	241,727	241,727	241,813	86
Charges for Services	11,000	11,000	11,995	995
Miscellaneous	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>
<i>Total receipts</i>	<u>296,020</u>	<u>296,020</u>	<u>302,060</u>	<u>6,040</u>
Disbursements				
Current:				
Security of Persons and Property	327,540	327,540	293,831	33,709
General Government	<u>2,000</u>	<u>2,000</u>	<u>1,113</u>	<u>887</u>
<i>Total Disbursements</i>	<u>329,540</u>	<u>329,540</u>	<u>294,944</u>	<u>34,596</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(33,520)	(33,520)	7,116	40,636
Transfers In	0	0	0	0
<i>Fund Balance Beginning of Year</i>	33,520	33,520	33,520	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 40,636</u></u>	<u><u>\$ 40,636</u></u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Modified Cash Basis Assets and Fund Balances
Proprietary Funds
December 31, 2007

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Sewer Reserve</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ <u>212,640</u>	\$ <u>151,982</u>	\$ <u>156,578</u>	\$ <u>18,439</u>	\$ <u>539,639</u>
<i>Total Assets</i>	<u>\$ 212,640</u>	<u>\$ 151,982</u>	<u>\$ 156,578</u>	<u>\$ 18,439</u>	<u>\$ 539,639</u>
Net Assets:					
Unrestricted	\$ <u>212,640</u>	\$ <u>151,982</u>	\$ <u>156,578</u>	\$ <u>18,439</u>	\$ <u>539,639</u>
<i>Total Net Assets</i>	<u>\$ 212,640</u>	<u>\$ 151,982</u>	<u>\$ 156,578</u>	<u>\$ 18,439</u>	<u>\$ 539,639</u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2007

	Water Operating	Sewer Operating	Sewer Reserve	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts					
Charges for Services	\$ 132,265	\$ 230,227	\$ 0	\$ 2,266	\$ 364,758
<i>Total Operating Receipts</i>	<u>132,265</u>	<u>230,227</u>	<u>0</u>	<u>2,266</u>	<u>364,758</u>
Operating Disbursements					
Personal Services	47,475	50,797	0	0	98,272
Employee Fringe Benefits	12,038	18,170	0	0	30,208
Contractual Services	28,059	52,159	0	0	80,218
Supplies and Materials	8,567	16,201	0	0	24,768
Other	80	95	0	2,772	2,947
<i>Total Operating Disbursements</i>	<u>96,219</u>	<u>137,422</u>	<u>0</u>	<u>2,772</u>	<u>236,413</u>
<i>Operating Income (Loss)</i>	<u>36,046</u>	<u>92,805</u>	<u>0</u>	<u>(506)</u>	<u>128,345</u>
Non-Operating Receipts (Disbursements)					
Earnings on Investments	0	0	8,659	0	8,659
Capital Outlay	(1,595)	(25,957)	0	0	(27,552)
Other Non-Operating Disbursements	0	(51,064)	0	0	(51,064)
Principal Payments	(15,889)	(36,270)	0	0	(52,159)
Interest and Fiscal Charges	(3,828)	(15,200)	0	0	(19,028)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(21,312)</u>	<u>(128,491)</u>	<u>8,659</u>	<u>0</u>	<u>(141,144)</u>
<i>Change in Net Assets</i>	14,734	(35,686)	8,659	(506)	(12,799)
<i>Net Assets Beginning of Year</i>	<u>197,906</u>	<u>187,668</u>	<u>147,919</u>	<u>18,945</u>	<u>552,438</u>
<i>Net Assets End of Year</i>	<u>\$ 212,640</u>	<u>\$ 151,982</u>	<u>\$ 156,578</u>	<u>\$ 18,439</u>	<u>\$ 539,639</u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2007

		<u>Private Purpose Trust</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$	<u>437</u>
<i>Total Assets</i>	\$	<u><u>437</u></u>
Net Assets:		
Restricted	\$	<u>437</u>
<i>Total Net Assets</i>	\$	<u><u>437</u></u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Changes in
Fiduciary Net Assets- Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2007

		Private Purpose Trust
Additions		
Contributions	\$	376
<i>Total Additions</i>		376
Deductions		
Payments In Accordance with Trust Agreements		526
<i>Total Deductions</i>		526
<i>Change in Net Assets</i>		(150)
<i>Net Assets Beginning of Year</i>		587
<i>Net Assets End of Year</i>	\$	437

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 154,899	\$ 552,438	\$ 707,337
<i>Total Assets</i>	<u>\$ 154,899</u>	<u>\$ 552,438</u>	<u>\$ 707,337</u>
 Net Assets			
Restricted for:			
Other Purposes	\$ 82,923	\$ 0	\$ 82,923
Unrestricted	<u>71,976</u>	<u>552,438</u>	<u>624,414</u>
<i>Total Net Assets</i>	<u>\$ 154,899</u>	<u>\$ 552,438</u>	<u>\$ 707,337</u>

See accompanying notes to the basic financial statements

Village DeGraff
Logan County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash	Charges	Operating	Capital	Governmental	Business-Type	Total
	Disbursements	for Services and Sales	Grants and Contributions	Grants and Contributions			
Governmental Activities							
Security of Persons and Property	\$ 94,173	\$ 7,250	\$ 1,550	\$ 0	\$ (85,373)	\$ 0	\$ (85,373)
Public Health Services	14,432	0	0	0	(14,432)	0	(14,432)
Leisure Time Activities	15,121	0	0	0	(15,121)	0	(15,121)
Community Environment	2,388	423	0	0	(1,965)	0	(1,965)
Basic Utility Services	783	0	0	0	(783)	0	(783)
Transportation	99,676	0	62,390	0	(37,286)	0	(37,286)
General Government	107,401	5,572	0	0	(101,829)	0	(101,829)
Capital Outlay	55,444	0	0	55,444	0	0	0
Debt Service:							
Principal Retirement	15,486	0	0	0	(15,486)		(15,486)
Interest	3,830	0	0	0	(3,830)	0	(3,830)
<i>Total Governmental Activities</i>	<u>408,734</u>	<u>13,245</u>	<u>63,940</u>	<u>55,444</u>	<u>(276,105)</u>	<u>0</u>	<u>(276,105)</u>
Business Type Activities							
Water Operating	135,956	135,089	0	0	0	(867)	(867)
Sewer Operating	251,027	235,734	0	0	0	(15,293)	(15,293)
Sewer Reserve	2,302	2,760	0	0	0	458	458
<i>Total Business Type Activities</i>	<u>389,285</u>	<u>373,583</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,702)</u>	<u>(15,702)</u>
<i>Total Primary Government</i>	<u>\$ 798,019</u>	<u>\$ 386,828</u>	<u>\$ 63,940</u>	<u>\$ 55,444</u>	<u>\$ (276,105)</u>	<u>\$ (15,702)</u>	<u>\$ (291,807)</u>
General Receipts							
Property Taxes					\$ 95,863	\$ 0	\$ 95,863
Municipal Income Taxes					189,669	0	189,669
Grant and Entitlements not Restricted to Specific Programs					51,624	0	51,624
Earnings on Investments					5,831	0	5,831
Miscellaneous					3,350	0	3,350
<i>Total General Receipts</i>					<u>346,337</u>	<u>0</u>	<u>346,337</u>
Change in Net Assets					70,232	(15,702)	54,530
<i>Net Assets Beginning of Year</i>					<u>84,667</u>	<u>568,140</u>	<u>652,807</u>
<i>Net Assets End of Year</i>					<u>\$ 154,899</u>	<u>\$ 552,438</u>	<u>\$ 707,337</u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Street Construction, Maint., & Repair	Fire Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 71,976	\$ 30,907	\$ 33,520	\$ 18,496	\$ 154,899
<i>Total Assets</i>	<u>\$ 71,976</u>	<u>\$ 30,907</u>	<u>\$ 33,520</u>	<u>\$ 18,496</u>	<u>\$ 154,899</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 71,976	\$ 0	\$ 0	\$ 0	\$ 71,976
Special Revenue Funds	<u>0</u>	<u>30,907</u>	<u>33,520</u>	<u>18,496</u>	<u>82,923</u>
<i>Total Fund Balances</i>	<u>\$ 71,976</u>	<u>\$ 30,907</u>	<u>\$ 33,520</u>	<u>\$ 18,496</u>	<u>\$ 154,899</u>

See accompanying notes to the basic financial statements

**Village of DeGraff
Logan County**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Street Construction Maint., & Repair	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 37,510	\$ 0	\$ 49,331	\$ 15,823	\$ 102,664
Municipal Income Taxes	189,669	0	0	0	189,669
Intergovernmental	44,823	58,126	1,550	59,708	164,207
Charges for Services	7,250	0	0	0	7,250
Fines, Licenses and Permits	5,995	0	0	0	5,995
Earnings on Investments	5,541	60	0	230	5,831
Miscellaneous	3,350	0	0	0	3,350
<i>Total Receipts</i>	<u>294,138</u>	<u>58,186</u>	<u>50,881</u>	<u>75,761</u>	<u>478,966</u>
Disbursements					
Current:					
Security of Persons and Property	54,284	0	39,889	0	94,173
Public Health Services	0	0	0	14,432	14,432
Leisure Time Activities	15,121	0	0	0	15,121
Community Environment	2,388	0	0	0	2,388
Basic Utility Services	783	0	0	0	783
Transportation	43,582	51,101	0	4,993	99,676
General Government	106,261	0	1,140	0	107,401
Capital Outlay	0	0	0	55,444	55,444
Debt Service:					
Principal Retirement	11,000	0	0	4,486	15,486
Interest and Fiscal Charges	2,720	0	0	1,110	3,830
<i>Total Disbursements</i>	<u>236,139</u>	<u>51,101</u>	<u>41,029</u>	<u>80,465</u>	<u>408,734</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>57,999</u>	<u>7,085</u>	<u>9,852</u>	<u>(4,704)</u>	<u>70,232</u>
Other Financing Sources (Uses)					
Transfers In	0	0	23,668	2,450	26,118
Transfers Out	(26,118)	0	0	0	(26,118)
<i>Total Other Financing Sources (Uses)</i>	<u>(26,118)</u>	<u>0</u>	<u>23,668</u>	<u>2,450</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	31,881	7,085	33,520	(2,254)	70,232
<i>Fund Balances Beginning of Year</i>	<u>40,095</u>	<u>23,822</u>	<u>0</u>	<u>20,750</u>	<u>84,667</u>
<i>Fund Balances End of Year</i>	<u>\$ 71,976</u>	<u>\$ 30,907</u>	<u>\$ 33,520</u>	<u>\$ 18,496</u>	<u>\$ 154,899</u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 35,079	\$ 35,079	\$ 37,510	\$ 2,431
Municipal Income Taxes	175,000	175,000	189,669	14,669
Intergovernmental	77,836	77,836	44,823	(33,013)
Charges for Services	11,007	11,007	7,250	(3,757)
Fines, Licenses and Permits	7,100	7,100	5,995	(1,105)
Earnings on Investment	5,000	5,000	5,541	541
Miscellaneous	2,921	2,921	3,350	429
<i>Total receipts</i>	<u>313,943</u>	<u>313,943</u>	<u>294,138</u>	<u>(19,805)</u>
Disbursements				
Current:				
Security of Persons and Property	65,300	65,300	54,284	11,016
Leisure Time Activities	21,917	21,917	15,121	6,796
Community Environment	3,000	3,000	2,388	612
Basic Utility Services	783	783	783	0
Transportation	66,370	66,370	43,582	22,788
General Government	136,700	136,700	106,261	30,439
Debt Service:				
Principal Retirement	11,000	11,000	11,000	0
Interest and Fiscal Charges	2,720	2,720	2,720	0
<i>Total Disbursements</i>	<u>307,790</u>	<u>307,790</u>	<u>236,139</u>	<u>71,651</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,153</u>	<u>6,153</u>	<u>57,999</u>	<u>51,846</u>
Other Financing Sources (Uses)				
Transfers Out	(26,170)	(26,170)	(26,118)	52
<i>Total Other Financing Sources (Uses)</i>	<u>(26,170)</u>	<u>(26,170)</u>	<u>(26,118)</u>	<u>52</u>
<i>Net Change in Fund Balance</i>	(20,017)	(20,017)	31,881	51,898
<i>Fund Balance Beginning of Year</i>	18,751	18,751	38,829	20,078
<i>Prior Year Encumbrance</i>	<u>1,266</u>	<u>1,266</u>	<u>1,266</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 71,976</u>	<u>\$ 71,976</u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction, Maint., & Repair Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 54,216	\$ 54,216	\$ 58,126	\$ 3,910
Earnings on Investment	<u>60</u>	<u>60</u>	<u>60</u>	<u>0</u>
<i>Total receipts</i>	<u>54,276</u>	<u>54,276</u>	<u>58,186</u>	<u>3,910</u>
Disbursements				
Current:				
Transportation	<u>74,882</u>	<u>74,882</u>	<u>51,101</u>	<u>23,781</u>
<i>Total Disbursements</i>	<u>74,882</u>	<u>74,882</u>	<u>51,101</u>	<u>23,781</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,606)	(20,606)	7,085	27,691
<i>Fund Balance Beginning of Year</i>	20,356	20,356	23,572	3,216
<i>Prior Year Encumbrances Appropriated</i>	<u>250</u>	<u>250</u>	<u>250</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,907</u>	<u>\$ 30,907</u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 0	\$ 50,000	\$ 49,331	\$ (669)
Intergovernmental	0	1,550	1,550	0
Earnings on Investment	0	0	0	0
<i>Total receipts</i>	<u>0</u>	<u>51,550</u>	<u>50,881</u>	<u>(669)</u>
Disbursements				
Current:				
Security of Persons and Property	26,143	74,018	39,889	34,129
General Government	0	1,200	1,140	60
<i>Total Disbursements</i>	<u>26,143</u>	<u>75,218</u>	<u>41,029</u>	<u>34,189</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(26,143)	(23,668)	9,852	33,520
Transfers In	26,143	23,668	23,668	0
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>0</u>	<u>33,520</u>	<u>33,520</u>
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,520</u>	<u>\$ 33,520</u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Modified Cash Basis Assets and Fund Balances
Proprietary Funds
December 31, 2006

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Sewer Reserve</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ <u>197,906</u>	<u>187,668</u>	<u>147,919</u>	<u>18,945</u>	\$ <u>552,438</u>
<i>Total Assets</i>	\$ <u><u>197,906</u></u>	<u><u>187,668</u></u>	<u><u>147,919</u></u>	<u><u>18,945</u></u>	\$ <u><u>552,438</u></u>
Net Assets:					
Unrestricted	\$ <u>197,906</u>	<u>187,668</u>	<u>147,919</u>	<u>18,945</u>	\$ <u>552,438</u>
<i>Total Net Assets</i>	\$ <u><u>197,906</u></u>	<u><u>187,668</u></u>	<u><u>147,919</u></u>	<u><u>18,945</u></u>	\$ <u><u>552,438</u></u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006

	Water Operating	Sewer Operating	Sewer Reserve	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts					
Charges for Services	\$ 135,089	\$ 235,734	\$ 0	\$ 2,760	\$ 373,583
<i>Total Operating Receipts</i>	<u>135,089</u>	<u>235,734</u>	<u>0</u>	<u>2,760</u>	<u>373,583</u>
Operating Disbursements					
Personal Services	45,429	49,371	0	0	94,800
Employee Fringe Benefits	10,706	20,478	0	0	31,184
Contractual Services	34,123	67,860	0	0	101,983
Supplies and Materials	12,044	11,910	0	0	23,954
Other	133	126	0	2,302	2,561
<i>Total Operating Disbursements</i>	<u>102,435</u>	<u>149,745</u>	<u>0</u>	<u>2,302</u>	<u>254,482</u>
<i>Operating Income (Loss)</i>	<u>32,654</u>	<u>85,989</u>	<u>0</u>	<u>458</u>	<u>119,101</u>
Non-Operating Receipts (Disbursements)					
Capital Outlay	(13,950)	(1,783)	0	0	(15,733)
Other Non-Operating Disbursements	0	(51,064)	0	0	(51,064)
Principal Payments	(15,723)	(32,979)	0	0	(48,702)
Interest and Fiscal Charges	(3,848)	(15,456)	0	0	(19,304)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(33,521)</u>	<u>(101,282)</u>	<u>0</u>	<u>0</u>	<u>(134,803)</u>
<i>Income (Loss) before Transfers</i>	(867)	(15,293)	0	458	(15,702)
<i>Transfers In</i>	0	0	147,919	18,487	166,406
<i>Transfers Out</i>	<u>(18,487)</u>	<u>(147,919)</u>	<u>0</u>	<u>0</u>	<u>(166,406)</u>
<i>Change in Net Assets</i>	(19,354)	(163,212)	147,919	18,945	(15,702)
<i>Net Assets Beginning of Year</i>	<u>217,260</u>	<u>350,880</u>	<u>0</u>	<u>0</u>	<u>568,140</u>
<i>Net Assets End of Year</i>	<u>\$ 197,906</u>	<u>\$ 187,668</u>	<u>\$ 147,919</u>	<u>\$ 18,945</u>	<u>\$ 552,438</u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Fiduciary net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2006

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>587</u>
<i>Total Assets</i>	\$ <u><u>587</u></u>
Net Assets:	
Restricted	\$ <u>587</u>
<i>Total Net Assets</i>	\$ <u><u>587</u></u>

See accompanying notes to the basic financial statements

Village of DeGraff
Logan County
Statement of Changes in
Fiduciary Net Assets- Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2006

	Private Purpose Trust
Additions	
Contributions	\$ <u>27</u>
<i>Total Additions</i>	<u>27</u>
Deductions	
Payments In Accordance with Trust Agreements	<u>0</u>
<i>Total Deductions</i>	<u>0</u>
<i>Change in Net Assets</i>	27
<i>Net Assets Beginning of Year</i>	<u>560</u>
<i>Net Assets End of Year</i>	\$ <u><u>587</u></u>

See accompanying notes to the basic financial statements

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Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 1 – REPORTING ENTITY

The Village of DeGraff, Logan County, Ohio, (the “Village”) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is accountable for an organization if the Village appoints a voting majority of the organization’s governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization’s resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any Component Units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the modified cash basis of accounting, the Village does not report assets for equity interests in joint ventures. The Village participates in two (2) jointly governed organizations. Note 13 to the financial statements provide additional information for these entities. These organizations are:

Joint Venture Organizations:

- 1). The Quincy-DeGraff Joint Sewer Waste Water Treatment Facility
- 2). The Greenwood-Union Cemetery

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

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

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

B. Fund Accounting

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

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

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

Street Construction, Maintenance and Repair Fund – This fund accounts for all transactions relating to maintaining and repairing streets.

Fire Fund – This fund account is for all transactions relating to operations of the Volunteer Fire Department, and all qualified expenditures for the Fire Department.

Other governmental funds of the Village are used to account for grants and other resources, and capital projects whose use is restricted to a particular purpose.

Proprietary Funds

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

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

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund – The sewer fund receives charges for the use of sanitary sewer services to the residents and commercial users within the Village.

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds (continued)

Sewer Reserve Fund – established per the bond sinking fund requirements to accumulate funds for bond retirement.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations or other governmental entities and are therefore not available to support the Village's own programs.

Private Purpose Trust – Community Service Scholarship Program. The Village receipts contributions to the Scholarship Fund as a private purpose trust. A Scholarship Committee made up of individuals from the School District and Village select the recipient annually.

C. Basis of Accounting

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance; both are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. Although the Auglaize County Budget Commission waived the required tax budget, the Village submitted the financial data they required in order to assess the need. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

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

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Process, continued

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

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

E. Cash and Investments

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

The Village invested in an interest bearing checking account and nonnegotiable certificate of deposit. The nonnegotiable certificate of deposit is reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during was \$5,831 and \$6,539 in 2006 and 2007, respectively.

F. Restricted Assets

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

G. Inventory and Prepaid Items

On the modified cash-basis of accounting, inventories of supply items are reported as disbursements when purchased.

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

These modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. These financial statements report proceeds of debt are reported when the cash is received and debt service disbursements for debt principal payments are paid.

L. Net Assets

These statements report restricted net assets when enabling legislation or creditors, grantors, or laws or regulations of other governments have imposed limitations on their use. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Construction, Maintenance, and Repair, and the Fire Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balances (modified cash basis). There were no encumbrances or outstanding advances at year end 2007 and 2006.

NOTE 4 – COMPLIANCE

Contrary to Ohio law, estimated receipts exceeded actual receipts in 2007 for the General Fund.

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had \$100 in un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

At year-ended December 31, 2007, the carrying amount of the Village's deposits was \$704,475, and the bank balance was \$754,287. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$641,863 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation. At year-ended December 31, 2006, the carrying amount of the Village's deposits was \$707,337, and the bank balance was \$748,675. Of the bank balance \$648,675 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation.

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned. 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 or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

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

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

Investments

The Village's investments are required to be categorized to give an indication of the level of risk assumed by the Village at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments, which are held by the counterparty, or by its trust department or agent but not in the Village's name. The certificates of deposit are categorized as Category 1. The carrying values as of December 31, 2007 and 2006 are \$115,424 and \$110,223 respectively, which are valued at cost and included in the carrying amounts above.

NOTE 6 – PROPERTY TAXES

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

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 6 – PROPERTY TAXES (continued)

The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

Real Property	<u>2007</u>	<u>2006</u>
Residential	\$ 12,036,180	\$ 11,939,070
Agriculture	40,010	40,010
Commercial/Industrial/Mineral	1,854,530	1,850,260
Tangible Personal Property	663,990	575,140
Public Utility	401,610	411,540
Total Assessed Value	\$ 14,996,320	\$ 14,816,020

NOTE 7 – INCOME TAXES

The Village levies a one percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2007 and 2006 the Village collected \$190,657 and \$ 189,669, respectively.

NOTE 8 –RISK MANAGEMENT

The Village has obtained commercial insurance through Westfield Insurance Co. for the following risks

General Liability	\$3,000,000
Auto Liability & Auto physical damage	\$1,000,000
Property coverage	\$2,115,000
Public Official’s liability	\$1,000,000
Inland Marine coverage	\$ 416,301
Employee Benefits Liability coverage	\$1,000,000
Commercial Crime coverage	\$1,000,000

Casualty excess-of-loss contracts at December 31, 2007 and 2006 generally protect against individual losses exceeding over the deductible.

Property coverage contracts protect against losses, subject to a deductible of \$250-\$2,500, limited to an annual aggregate loss per schedule.

The Village provides Major Medical/Life Insurance coverage to full-time employees through a private carrier.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 OR (800)222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. In 2006 it was 9.0 percent. The Village's contribution rate for pension benefits for 2007 was 13.85 percent and 13.70 percent in 2006. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional, member directed and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$25,654, \$24,616, and \$22,681 respectively. The full amount has been contributed for 2007, 2006, and 2005.

B. Ohio Police and Fire Pension Fund

The Village does not contribute to the Ohio Police and Fire Pension Fund (OP&F). The Village employs a part-time Police Chief, and has a Voluntary Fire Department.

NOTE 10 – POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12.

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 10 – POSTEMPLOYMENT BENEFITS (continued)

A. Ohio Public Employees Retirement System (continued)

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rate was 13.85 and 13.70 percent, respectively of covered payroll; 5.0 percent (January 1 through June 30) and 6.0 percent (July 1 through December 31) for 2007 and 4.5 percent for 2006, of covered payroll was the portion that was used to fund health care in 2007 and 2006, respectively.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 5 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 5 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was \$374,979. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 11 - DEBT

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

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Governmental Activities</u>					
Citizens Bank DeGraff-Vehicles	5.50%	\$ 61,967	\$	\$ 15,486	\$ 46,481
Total for Government Activities		<u>\$ 61,967</u>	<u>\$ 0</u>	<u>\$ 15,486</u>	<u>\$ 46,481</u>
<u>Business-type Activities</u>					
1993 OWDA Loan	6.75%	\$ 49,112	\$	\$ 2,628	\$ 46,484
1984 USDA Rural Development Temporary Mortgage Revenue Bonds	5.00%	217,000		32,000	185,000
Citizens Bank DeGraff- Vehicle	5.50%	21,363		5,341	16,022
1986 USDA Rural Development Permanent Mortgage Revenue Bonds	6.375%	60,200		1,600	58,600
1998 OPWC Loan	0%	137,674		10,590	127,084
Total Business-type Activities		<u>\$ 485,349</u>	<u>\$ 0</u>	<u>\$ 52,159</u>	<u>\$ 433,190</u>

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>Governmental Activities</u>					
Citizens Bank DeGraff-Vehicles	5.50%	\$ 77,453	\$	\$ 15,486	\$ 61,967
Total for Government Activities		<u>\$ 77,453</u>	<u>\$ 0</u>	<u>\$ 15,486</u>	<u>\$ 61,967</u>
<u>Business-type Activities</u>					
1993 OWDA Loan		\$ 50,383	\$	\$ 1,271	\$ 49,112
1984 USDA Rural Development Temporary Mortgage Revenue Bonds	5.00%	247,000		30,000	217,000
Citizens Bank DeGraff- Vehicle	5.50%	26,704		5,341	21,363
1986 USDA Rural Development Permanent Mortgage Revenue Bonds	6.375%	61,700		1,500	60,200
1998 OPWC Loan	0%	148,264		10,590	137,674
Total Business-type Activities		<u>\$ 534,051</u>	<u>\$ 0</u>	<u>\$ 48,702</u>	<u>\$ 485,349</u>

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 11 – DEBT (continued)

Governmental Activities, Long Term debt

The Village financed two (2) vehicles (a 2006 Ford dump truck/plow, and a 2005 GMC pick-up truck) for Governmental Activities in 2005 through The Citizens Bank of DeGraff. The vehicles were purchased under the State Purchasing Program requirements. The loans will be repaid in annual installments of \$15,486, plus interest at 5.5%, maturity 2010. The loan is secured by vehicles.

Business Type Activities, Long Term debt

The Ohio Water Development Authority (OWDA) Loan # 3032 (1993) was obtained for the purpose of paying for the costs of water plant improvement that was mandated by the Ohio Protection Agency. The loan will be repaid in semiannual installments of \$2,972, including interest over 25 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover debt service requirements.

The USDA Rural Development Temporary Mortgage Revenue Bonds 1984 were obtained for the purpose of constructing improvements to the Village's sanitary sewer system and treatment facilities. The bonds require annual payments with maturity during 2012. As required by the bond agreement, the Village has established and funded an enterprise debt service reserve fund. The balance in the fund at December 31, 2007 is \$159,727. The Village has not established the required bond and interest sinking fund in which 1/12th of the annual debt service is to be recorded each month.

The USDA Rural Development Permanent Mortgage Revenue Bonds 1986 were obtained for the purpose of improvements to the Village's sewer system. The bonds require annual installments with maturity during 2026. The Village established a sewer surcharge and Sewer System Revenue Fund in compliance with the debt covenants associated with these mortgage revenue bonds.

The Ohio Public Works Commission (OPWC) Loan # CM10B (1998) was obtained to pay for the South End Waterline Replacement Project. The interest free loan will be repaid in semiannual installments of \$5,295 over 20 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

The Village secured financing through the Citizens Bank of DeGraff for one (1) 2005 F-250XL Utility vehicle for Business Type activities. The vehicle was purchased under the State Purchasing Program requirements. The loan will be repaid in annual installments of \$5,341, plus interest at 5.5% maturing in 2010. The loan is secured by vehicle.

In 2007, the Village was approved of a loan through Ohio Public Works Commission in the amount of \$292,346 for water project. No draws have been made on this loan as of December 31, 2007.

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 11 – DEBT (continued)

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

Year	Bank of DeGraff Term Notes		OWDA LOANS	
	Principal	Interest	Principal	Interest
2008	\$15,486	\$2,134	\$ 2,806	\$3,138
2009	15,486	1,275	2,995	2,948
2010	15,509	424	3,197	2,746
2011	0	0	3,413	2,530
2012	0	0	3,643	2,300
2011 - 2015	0	0	22,255	7,461
2016 - 2020	0	0	8,175	741
Totals	\$46,481	\$3,833	\$46,484	\$21,864

Year	OPWC	USDA BOND		Citizens Bank Of DeGraff	
	Principal	Principal	Interest	Principal	Interest
2008	\$ 10,590	\$ 34,700	\$12,986	\$ 5,341	\$736
2009	10,590	36,800	11,227	5,341	439
2010	10,590	38,900	9,363	5,340	147
2011	10,590	41,000	7,391	0	0
2012	10,590	43,100	5,314	0	0
2013 - 2017	52,952	12,900	14,100	0	0
2018 - 2022	21,182	17,600	9,435	0	0
2021 - 2025	0	18,600	3,060	0	0
2026 - 2030	0	0	0	0	0
Totals	\$127,084	\$243,600	\$72,876	\$16,022	\$1,322

NOTE 12 – JOINT VENTURES – JOINTLY GOVERNED ORGANIZATIONS

Quincy-DeGraff WWTP Facility:

The Village of DeGraff and the Village of Quincy jointly own and operate a waste water treatment facility. Both communities share in all costs of improvements and operations. Both communities include in their budgets and annual appropriations for their respective portion of these costs. Both communities agree to adjust and collect sewer revenues sufficient to cover these costs. Financial responsibility will continue as long as the Village is a joint owner of this facility. Both Villages agree to set and establish rates to meet financial responsibility. The Village will continue with financial responsibility as long as the Village is a joint owner of this facility.

The total cost of the project was estimated at \$3,000,000, less grants leaves a balance of approximately \$1,600,000 to be financed. The Village of Quincy obtained financing for the project. Revenues are collected by both communities, and appropriations are established by each community for upgrade and operation expenditures. The approximate share of cost to be paid by each entity is determined by the actual flow from each community (which is measurable) into the plant. On July 1st of each year, the percentage of cost ratio is reviewed and adjusted based on actual flow for the previous year, and the newly established rates take affect on January 1st of the following year. The Village of DeGraff paid a share rate of 70% for all operation and upgrade costs in 2006 and 2007. In 2007 and 2006 the Village share paid to Village of Quincy was \$51,064 and \$51,064, respectively.

Village of DeGraff
Logan County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 12 – JOINT VENTURES – JOINTLY GOVERNED ORGANIZATIONS (continued)

The following is a summary of the Village’s future annual service requirements assuming a 70 % usage. Payments are reported as other non-operating disbursements in the enterprise fund.

Year	Village of Quincy – (OWDA)	
	Principal	Interest
2008	17,312	8,222
2009	35,014	16,050
2010	35,541	15,523
2011 - 2015	185,893	69,423
2016 - 2020	200,316	55,001
2021 - 2025	215,857	39,460
2026 - 2030	232,603	22,713
2031 - 2034	173,479	5,243
Totals	\$1,096,015	\$231,635

The Village of DeGraff and the Village of Quincy have established a Joint Sewer Board Committee (JSB) in order to meet and discuss issues concerning the Waste Water Treatment Plant. The JSB meets monthly, and reports all issues and concerns with operations to their respective Mayors, and Councils for review. Legislative Issues require the majority vote of both Councils. Mayors of each community appoint The Joint Sewer Board Committee members annually, and the Clerk/Treasurer of each community acts as Clerk for the JSB on rotating years, and the Mayors of each community acts as Chairman for the JSB on opposite years as their village Clerk/Treasurer; (i.e., Quincy Mayor/DeGraff Clerk-Treasurer for odd years, and DeGraff Mayor/Quincy Clerk-Treasurer for even years).

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

Greenwood-Union Cemetery:

The Village of DeGraff and the Pleasant Township Trustees jointly own and operate the cemetery. Each entity collects tax revenues for the operations of the Cemetery. The Village has currently passed a .70 mil levy, and will place a renewal request on the ballot in November 2006. The Village will continue financial responsibility as long as the Village is a joint owner of this facility.

The Greenwood-Union Cemetery Board members are appointed by their respective entities. It is a three (3) member Board. The majority vote revolves every two (2) years. The Pleasant Township Trustees appointed one (1) member to the board for 2007. The Village Mayor appointed two (2) council members to the Cemetery Board in 2007. The Cemetery Board has Voting Authority for the cemetery.

The Village of DeGraff supports the Cemetery through a voted tax levy. This levy money along with the related homestead and rollback revenue is received by the Village and then distributed to the Cemetery. These revenues are receipted as “memo” receipts. The gross amount of the settlement is receipted, and then the applicable distributions are charged to the appropriate accounts, and then the net amount is reflected as a reimbursement.

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**Manning & Associates CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

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

Members of Council
Village of DeGraff
107 South Main Street
DeGraff, Ohio 43318

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of DeGraff, Logan County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 20, 2008, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of the 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-consequential financial statement misstatement.

Internal Control Over Financial Reporting, continued

We consider the following deficiencies described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting: 2007-003 through 2007-004.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-003 and 2007-004 are also material weaknesses.

We noted certain matters that we reported to the Village's management in a separate letter dated May 20, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as item 2007-001 and 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 20, 2008.

We intend this report for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 20, 2008

VILLAGE OF DEGRAFF
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 and 2006

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

FINDING NUMBER 2007-001

Noncompliance

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for village (\$3,000 effective April 7, 2003) may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the "then and now" certificate, provided that the expenditures is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village's did not properly certify transactions prior to making orders for the expenditures of Village funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented to not only help assure compliance with this requirement, help prevent the unauthorized obligation of Village funds.

Response: The Fiscal Officer, has taken continuing education class through the Auditor of State to gain a better understanding of the purchase order accounting, and has implemented policies to correct noncompliance.

**VILLAGE OF DEGRAFF
LOGAN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 and 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-002

Ohio Rev. Code, Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation.

The following funds were determined to have estimated receipts significantly in excess of actual receipts:

Fund Name	Estimated Receipts	Actual Receipts	Variance
2007			
General Fund	\$314,478	\$275,291	(\$39,187)

Failure to obtain the amended certificate of estimated resources did not provide the trustees with an accurate estimate of resources available for appropriations which could lead to negative fund balances. The Board should monitor receipts and amend estimated receipts when necessary to keep estimated receipts in line with actual receipts and make corresponding amendments to its appropriations and disbursements.

Response: The Village will monitor budgetary compliance more closely.

FINDING NUMBER 2007-003

On behalf payments/Budgetary

The Village did not record on-behalf payments made to contractors for the Ohio Public Works Issue II Grant in 2007 and in 2006 in the amount of \$60,020 and \$55,444, respectively. The Village for the purpose of accounting for these on-behalf payments should record these monies in the appropriate fund established; also such monies should be budgeted by the Village. By not recording the receipts and disbursements, the Village financial statements result in an understatement of financial benefit provided by the grant. The accompanying financial statement has been adjusted to reflect this activity.

We recommend the Village record future payments made by the grant as receipts and disbursements within the appropriate fund.

In addition, the Village should obtain an official certificate of estimated resource for any on-behalf-payments expected, and pass a resolution for its appropriation measure under Ohio Rev. Code section 5705.40.

Response: The Village will review AOS Bulletin 2000-008, and record on behalf payments as directed.

**VILLAGE OF DEGRAFF
LOGAN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 and 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-004

Ohio Rev. Code, Section 733.28, requires the Fiscal Officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended. The Village did not properly classify receipt and disbursement transactions. An accurate record was not maintained for all monies received by the Village. The following were noted:

- A. Revenue and disbursements paid directly by the Ohio Public Works Commission (in the form of grants) were not properly posted to the ledgers and annual financial report.
- B. Principal and interest payments on the debt of the Village was improperly classified.
- C. Improper posting of receipts: CD interest for 2008 was posted as received in 2007; FEMA received in 2005 was duplicated and posted in 2006.
- D. In 2007, Receipts were not timely recorded in the accounting system. Deposits were noted on the bank statements that were not recorded in the accounting system, in some instances five months later.

All of these conditions exhibit a lack of control over the recording and reporting of Village financial activity and did result in inaccurate accounting records.

We recommend the Village post items according to the Village handbook. The Village has made these adjustments to their books and the adjustments are reflected in the financial statements.

Response: The Village will review its current accounting methods and implement changes where need. Deposits are now recorded each month. The unposted deposits were a result of Auditor of State changing their reporting of electronic funds transfers.

**VILLAGE OF DEGRAFF
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2005-001	ORC 5705.41 (D) - Certification of funds	Partially	Not corrected for 2005 Reissue as Finding 2007-001
2005-002	Failure to establish required debt service fund sinking fund	Yes	
2005-003	Obtaining a SAS 70 audit report exceeding actual receipts	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF DEGRAFF

LOGAN 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
SEPTEMBER 4, 2008**