

Village of Piketon  
Pike County, Ohio

Regular Audit

January 1, 2008, through December 31, 2008  
Fiscal Years Audited Under GAGAS: 2008



---

**Balestra, Harr & Scherer, CPAs, Inc.**

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639  
800 Gallia St., Suite 38, Portsmouth, Ohio 45662 Phone: 740.876.9121 Fax: 800.210.2573





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Village of Piketon  
PO Box 547  
Piketon, Ohio 45661

We have reviewed the *Independent Auditor's Report* of the Village of Piketon, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 Piketon is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 10, 2010

**This Page is Intentionally Left Blank.**

Village of Piketon  
Pike County, Ohio  
For the Years Ended December 31, 2008  
Table of Contents

Title	Page
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets—Modified Cash Basis As of December 31, 2008.....	11
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2008 .....	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis Governmental Funds As of December 31, 2008.....	14
Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis Governmental Funds For the Year Ended December 31, 2008 .....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund For the Year Ended December 31, 2008 .....	18
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual—Budget Basis - Street Fund For the Year Ended December 31, 2008 .....	19
Statement of Receipts, Disbursements and Changes in Fund Balance—Budget and Actual—Budget Basis – Permissive MVL Fund For the Year Ended December 31, 2008 .....	20
Statement of Receipts, Disbursements and Changes in Fund Balance—Budget and Actual—Budget Basis – Police Fund For the Year Ended December 31, 2008 .....	21
Statement of Receipts, Disbursements and Changes in Fund Balance—Budget and Actual—Budget Basis – Revolving Loan Fund For the Year Ended December 31, 2008 .....	22
Statement of Fund Net Assets – Modified Cash Basis Proprietary Funds As of December 31, 2008.....	23
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets – Modified Cash Basis Proprietary Funds For the year ended of December 31, 2008 .....	24

Village of Piketon  
Pike County, Ohio  
For the Years Ended December 31, 2008  
Table of Contents

Statement of Fiduciary Assets and Liabilities – Modified Cash Basis Fiduciary Fund As of December 31, 2008.....	25
Notes to the Basic Financial Statements .....	26
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	42
Schedule of Findings .....	44
Schedule of Prior Year Findings .....	45



## Independent Auditor's Report

Village Council  
Village of Piketon  
Pike County  
PO Box 547  
Piketon, Ohio 45661

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Piketon, Pike County, Ohio, (the Village) as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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.

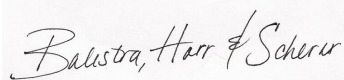
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Piketon, Pike County, Ohio as of December 31, 2008, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and major special modified funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 12 to the financial statements, the Village has been declared in a state of fiscal emergency under Ohio law.

Village Council  
Village of Piketon  
Independent Auditor's Report

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Balestra, Harr & Scherer, CPAs, Inc.  
June 25, 2010



**Village of Piketon**  
**Pike County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

---

This discussion and analysis of the Village of Piketon's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$141,899.

The Village's general receipts are primarily municipal income taxes, property taxes, and unrestricted State shared revenues. These receipts represent \$317,694, \$91,848, and \$117,232, respectively, of the total cash received for governmental activities during the year.

Net assets for water and sewer operations, the Village's major business-type activities, increased \$17,885 and \$102,664, respectively, for the year.

**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.

**Report Components**

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

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

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

**Village of Piketon**  
**Pike County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

---

**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.

**Reporting the Village as a Whole**

One of the most important questions to be asked about the Village is "How did we do financially during 2008?"

The statement of net assets and the statement of activities reflect how the Village did financially during 2008, within the limitations of the 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 non-financial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property and income taxes.

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

Governmental activities – Most of the Village's basic services are reported here, including police and transportation. 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.

**Village of Piketon**  
**Pike County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

---

Business-type activities – The Village has three business-type activities, the provision of water and sewer utility services and guaranteed deposits. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into 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 are the General Fund, Street Fund, Permissive MVL Fund, Police Fund, and Revolving Loan Fund. The programs reported in governmental funds match 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 enterprise funds: Water, Sewer, and Guaranteed Deposits.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. 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.

**Village of Piketon**  
**Pike County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on a modified cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$789,544	\$931,443	\$560,865	\$681,414	\$1,350,409	\$1,612,857
<b>Net Assets</b>						
Restricted for Other Purposes	\$584,978	\$638,508	\$0	\$0	\$584,978	\$638,508
Unrestricted	204,566	292,935	560,865	681,414	765,431	974,349
Total Net Assets	\$789,544	\$931,443	\$560,865	\$681,414	\$1,350,409	\$1,612,857

As mentioned previously, net assets of governmental activities increased \$141,899 during 2008. The primary reason contributing to the increases in cash balances is the larger than expected increase in municipal income tax collections. Net assets of Business-Type Activities increased \$120,549. The primary reason for the increase is related to the Village decreasing disbursements relating to personal services and materials and supplies within its sewer operations.

Table 2 reflects the changes in net assets for 2008 and 2007.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services	\$112,017	\$96,538	\$592,046	\$599,054	\$704,063	\$695,592
Operating Grants and Contributions	94,744	74,908	0	0	94,744	74,908
Capital Grants	6,600	464,380	100,000	246,107	106,600	710,487
Total Program Receipts	\$213,361	\$635,826	\$692,046	\$845,161	\$905,407	\$1,480,987

(continued)

**Village of Piketon**  
**Pike County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

(Table 2)  
**Changes in Net Assets**  
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Receipts:						
General Receipts:						
Property Taxes	\$99,705	\$91,848	\$0	\$0	\$99,705	\$91,848
Municipal Income Taxes	284,804	317,694	122,059	136,154	406,863	453,848
Other Local Taxes	28,909	42,829	0	0	28,909	42,829
Grants and Entitlements						
Not Restricted						
to Specific Programs	112,329	117,232	0	0	112,329	117,232
Notes Issued	367,310	213,767	0	0	367,310	213,767
Unrestricted Investment Earnings	10,358	10,264	0	5,264	10,358	15,528
Unrestricted Contributions						
and Donations	0	6,100	0	0	0	6,100
Miscellaneous	55,876	36,167	514	157	56,390	36,324
Total General Receipts	959,291	835,901	122,573	141,575	1,081,864	977,476
Total Receipts	1,172,652	1,471,727	814,619	986,736	1,987,271	2,458,463
Disbursements:						
General Government	173,609	132,088	0	0	173,609	132,088
Security of Persons						
and Property	228,342	227,319	0	0	228,342	227,319
Community Environment	8,672	8,778	0	0	8,672	8,778
Transportation	233,008	136,124	0	0	233,008	136,124
Capital Outlay	75,000	547,525	0	0	75,000	547,525
Principal Retirement	61,090	265,337	0	0	61,090	265,337
Interest and Fiscal Charges	3,659	12,657	0	0	3,659	12,657
Water	0	0	211,110	566,245	211,110	566,245
Sewer	0	0	467,071	299,942	467,071	299,942
Total Disbursements	783,380	1,329,828	678,181	866,187	1,461,561	2,196,015
Increase in Net Assets	389,272	141,899	136,438	120,549	525,710	262,448
Net Assets at Beginning of Year	400,272	789,544	424,427	560,865	824,699	1,350,409
Net Assets at End of Year	\$789,544	\$931,443	\$560,865	\$681,414	\$1,350,409	\$1,612,857

*Governmental Activities*

Governmental program receipts represent only \$635,826 of total receipts and are primarily comprised of restricted intergovernmental receipts such as grant monies, motor vehicle license and gas tax monies, building permits and inspection fees, and fines and forfeitures derived from police services. There was a significant increase in program receipts for capital grants. During 2008, the Village received a large grant award from the Ohio Public Works Commission for the completion of the Pike Hill Construction Project.

**Village of Piketon**  
**Pike County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

---

General receipts of governmental activities represent \$835,901 of the Village's total receipts for 2008. Municipal income taxes made up \$317,694 of the Village's general receipts, while grants and entitlements not restricted to specific programs were \$117,232. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, the Clerk-Treasurer, the Mayor, the Village Solicitor, and Mayor's Court.

Security of persons and property disbursements are the costs of police protection; community environment is the cost of the zoning officer and supplies; and transportation is the cost of maintaining the Village's roads.

Disbursements for general government decreased \$41,521. This decrease is due to the Village incurring a considerable amount of one-time disbursements in 2007 that were paid from this program.

Disbursements for transportation decreased \$96,884. The Village decreased disbursements relating to contractual services and materials and supplies within its street operations. In 2007, the Village had made equipment purchases from this account. However, such purchases were not necessary in 2008.

Disbursements for capital outlay increased \$472,525 from the prior year. This was the result of the beginning of the Pike Hill Construction Project during 2008.

*Business-Type Activities*

The water and sewer operations of the Village are relatively small and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age and the Village has begun discussing the need for major repairs and how these will be funded. The Village received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

Net assets of business-type activities increased \$120,549.

**The Village's Funds**

Total governmental funds had receipts of \$1,257,960 and disbursements of \$1,116,061.

The General Fund's balance increased \$81,240 primarily due to the Village incurring one-time disbursements during 2007.

The Street Fund's balance decreased \$12,981, which is insignificant.

The Permissive MVL Fund's balance increased \$49,237. The Village decreased disbursements relating to contractual services and materials and supplies within this fund. In 2007, the Village had made equipment purchases from this account. However, such purchases were not necessary in 2008.

The Police Fund's balance increased \$3,227, which is insignificant.

**Village of Piketon**  
**Pike County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

---

The Revolving Loan Fund's balance increased \$20,826 due to the repayment of loans exceeding loans issued.

**General Fund Budgeting Highlights**

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

During 2008, the Village amended its General Fund budget as needed. Original budgeted receipts in the amount of \$260,470, were greater than final budgeted receipts in the amount of \$259,000, which represents an insignificant decrease. Final budgeted receipts in the amount of \$259,000, were below actual receipts of \$303,760. The difference of \$44,760 is primarily due to income taxes and property tax receipts being higher than final estimates.

The original budgeted appropriations were \$317,767. The final budgeted appropriations were \$293,767, resulting in a \$24,000 decrease primarily relating to contractual services within the Mayor's department. Actual disbursements were less than final budgeted appropriations by \$68,148.

The Village's ending General Fund balance was \$112,908 above the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2008, the Village's outstanding enterprise debt was \$913,482 in OWDA and OPWC loans issued for improvements and expansion of the water and wastewater treatment plants. Outstanding governmental debt was \$295,249 for the 2006 purchase of two new police cruisers, the 2007 purchase of another police cruiser, the loan issued for the Pike Hill Road project, and the land installment contract. For further information regarding the Village's debt, refer to Note 10 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 forecasted revenues for 2008 were somewhat underestimated. The year was financially sound for all funds. The strategy set forth by the finance committee and the administration is working to assure that spending remains under control and all funds retain a positive balance.

**Village of Piketon**  
**Pike County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

---

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Linda Nelson, Clerk-Treasurer, Village of Piketon, P.O. Box 547, Piketon, Ohio 45661.



**Village of Piketon**  
**Pike County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2008*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$931,443	\$681,414	\$1,612,857
<b>Net Assets</b>			
Restricted for Other Purposes	\$638,508	\$0	\$638,508
Unrestricted	292,935	681,414	974,349
<i>Total Net Assets</i>	\$931,443	\$681,414	\$1,612,857

See accompanying notes to the basic financial statements

**Village of Piketon**  
**Pike County**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2008*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants
<b>Governmental Activities</b>				
General Government	\$132,088	\$0	\$0	\$0
Security of Persons and Property	227,319	71,909	10,431	0
Community Environment	8,778	2,098	0	0
Transportation	136,124	22,531	64,477	0
Capital Outlay	547,525	0	0	464,380
Debt Service:				
Principal Retirement	265,337	0	0	0
Interest and Fiscal Charges	12,657	0	0	0
<i>Total Governmental Activities</i>	<u>1,329,828</u>	<u>96,538</u>	<u>74,908</u>	<u>464,380</u>
<b>Business-Type Activities</b>				
Water	566,245	201,750	0	246,107
Sewer	299,942	397,304	0	0
<i>Total Business-Type Activities</i>	<u>866,187</u>	<u>599,054</u>	<u>0</u>	<u>246,107</u>
<i>Total Activities</i>	<u><u>\$2,196,015</u></u>	<u><u>\$695,592</u></u>	<u><u>\$74,908</u></u>	<u><u>\$710,487</u></u>

**General Receipts**

Property Taxes Levied for:

    General Purposes

    Security of Persons and Property

Municipal Income Taxes

Other Local Taxes

Grants and Entitlements not Restricted to Specific Programs

Loan Proceeds

Unrestricted Investment Earnings

Unrestricted Contributions and Donations

Miscellaneous

*Total General Receipts*

Change in Net Assets

*Net Assets at Beginning of Year*

*Net Assets at End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$132,088)	\$0	(\$132,088)
(144,979)	0	(144,979)
(6,680)	0	(6,680)
(49,116)	0	(49,116)
(83,145)	0	(83,145)
(265,337)	0	(265,337)
<u>(12,657)</u>	<u>0</u>	<u>(12,657)</u>
<u>(694,002)</u>	<u>0</u>	<u>(694,002)</u>
0	(118,388)	(118,388)
<u>0</u>	<u>97,362</u>	<u>97,362</u>
0	(21,026)	(21,026)
<u>(694,002)</u>	<u>(21,026)</u>	<u>(715,028)</u>
20,378	0	20,378
71,470	0	71,470
317,694	136,154	453,848
42,829	0	42,829
117,232	0	117,232
213,767	0	213,767
10,264	5,264	15,528
6,100	0	6,100
<u>36,167</u>	<u>157</u>	<u>36,324</u>
835,901	141,575	977,476
141,899	120,549	262,448
<u>789,544</u>	<u>560,865</u>	<u>1,350,409</u>
<u>\$931,443</u>	<u>\$681,414</u>	<u>\$1,612,857</u>

**Village of Piketon**  
**Pike County**

*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2008*

	General Fund	Street Fund	Permissive MVL Fund
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$292,935	\$259,384	\$117,405
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	\$3,099	\$1,216	\$311
Unreserved:			
Undesignated, Reported in:			
General Fund	289,836	0	0
Special Revenue Funds	0	258,168	117,094
<i>Total Fund Balances</i>	\$292,935	\$259,384	\$117,405

See accompanying notes to the basic financial statements

<u>Police Fund</u>	<u>Revolving Loan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>\$98,421</u>	<u>\$157,686</u>	<u>\$5,612</u>	<u>\$931,443</u>
\$5,390	\$58	\$10	\$10,084
0	0	0	289,836
<u>93,031</u>	<u>157,628</u>	<u>5,602</u>	<u>631,523</u>
<u>\$98,421</u>	<u>\$157,686</u>	<u>\$5,612</u>	<u>\$931,443</u>

**Village of Piketon  
Pike County**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2008*

	General Fund	Street Fund	Permissive MVL Fund
<b>Receipts</b>			
Municipal Income Taxes	\$114,246	\$138,349	\$0
Property Taxes	20,378	0	0
Other Local Taxes	42,829	0	0
Charges for Services	0	0	0
Fines, Licenses and Permits	2,098	0	0
Intergovernmental	112,628	486,911	62,927
Interest	5,362	0	32
Contributions and Donations	6,100	0	0
Miscellaneous	119	1,516	0
<i>Total Receipts</i>	<u>303,760</u>	<u>626,776</u>	<u>62,959</u>
<b>Disbursements</b>			
Current:			
General Government	130,350	0	0
Security of Persons and Property	20,501	0	0
Community Environment	8,778	0	0
Transportation	56,891	64,260	13,722
Capital Outlay	0	547,525	0
Debt Service:			
Principal Retirement	4,092	233,000	0
Interest and Fiscal Charges	1,908	8,739	0
<i>Total Disbursements</i>	<u>222,520</u>	<u>853,524</u>	<u>13,722</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	81,240	(226,748)	49,237
<b>Other Financing Sources</b>			
Loan Proceeds	0	213,767	0
<i>Net Change in Fund Balances</i>	81,240	(12,981)	49,237
<i>Fund Balances at Beginning of Year</i>	<u>211,695</u>	<u>272,365</u>	<u>68,168</u>
<i>Fund Balances at End of Year</i>	<u><u>\$292,935</u></u>	<u><u>\$259,384</u></u>	<u><u>\$117,405</u></u>

See accompanying notes to the basic financial statements

	\$292,935	\$259,384	\$117,405
--	-----------	-----------	-----------

Police Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
\$65,099	\$0	\$0	\$317,694
71,470	0	0	91,848
0	0	0	42,829
12,176	0	0	12,176
59,733	0	0	61,831
14,935	0	1,550	678,951
0	4,819	51	10,264
100	0	0	6,200
16,787	17,745	0	36,167
<u>240,300</u>	<u>22,564</u>	<u>1,601</u>	<u>1,257,960</u>
0	1,738	0	132,088
206,818	0	0	227,319
0	0	0	8,778
0	0	1,251	136,124
0	0	0	547,525
28,245	0	0	265,337
2,010	0	0	12,657
<u>237,073</u>	<u>1,738</u>	<u>1,251</u>	<u>1,329,828</u>
3,227	20,826	350	(71,868)
<u>0</u>	<u>0</u>	<u>0</u>	<u>213,767</u>
3,227	20,826	350	141,899
<u>95,194</u>	<u>136,860</u>	<u>5,262</u>	<u>789,544</u>
<u>\$98,421</u>	<u>\$157,686</u>	<u>\$5,612</u>	<u>\$931,443</u>
\$98,421	\$157,686	\$5,612	\$931,443

**Village of Piketon**  
**Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$90,000	\$90,000	\$114,246	\$24,246
Property Taxes	19,300	19,300	20,378	1,078
Other Local Taxes	21,900	21,900	42,829	20,929
Fines, Licenses and Permits	7,300	7,300	2,098	(5,202)
Intergovernmental	114,170	112,700	112,628	(72)
Interest	7,500	7,500	5,362	(2,138)
Contributions and Donations	0	0	6,100	6,100
Miscellaneous	300	300	119	(181)
<i>Total Receipts</i>	<u>260,470</u>	<u>259,000</u>	<u>303,760</u>	<u>44,760</u>
<b>Disbursements</b>				
Current:				
General Government	216,044	191,494	132,603	58,891
Security of Persons and Property	24,000	24,000	20,501	3,499
Community Environment	9,800	9,800	9,034	766
Transportation	61,923	62,473	57,481	4,992
Debt Service:				
Principal Retirement	4,092	4,092	4,092	0
Interest and Fiscal Charges	1,908	1,908	1,908	0
<i>Total Disbursements</i>	<u>317,767</u>	<u>293,767</u>	<u>225,619</u>	<u>68,148</u>
<i>Net Change in Fund Balance</i>	(57,297)	(34,767)	78,141	112,908
<i>Fund Balance at Beginning of Year</i>	209,606	209,606	209,606	0
Prior Year Encumbrances Appropriated	<u>2,089</u>	<u>2,089</u>	<u>2,089</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$154,398</u>	<u>\$176,928</u>	<u>\$289,836</u>	<u>\$112,908</u>

See accompanying notes to the basic financial statements



**Village of Piketon**  
**Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Street Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$100,000	\$100,000	\$138,349	\$38,349
Intergovernmental	29,300	353,600	486,911	133,311
Miscellaneous	1,000	1,000	1,516	516
<i>Total Receipts</i>	<u>130,300</u>	<u>454,600</u>	<u>626,776</u>	<u>172,176</u>
<b>Disbursements</b>				
Current:				
Transportation	69,424	69,424	64,260	5,164
Capital Outlay	781,640	631,640	547,525	84,115
Debt Service:				
Principal Retirement	233,536	233,000	233,000	0
Interest and Fiscal Charges	16,244	8,739	8,739	0
<i>Total Disbursements</i>	<u>1,100,844</u>	<u>942,803</u>	<u>853,524</u>	<u>89,279</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(970,544)	(488,203)	(226,748)	261,455
<b>Other Financing Sources</b>				
Loan Proceeds	221,783	213,767	213,767	0
<i>Net Change in Fund Balance</i>	(748,761)	(274,436)	(12,981)	261,455
<i>Fund Balance at Beginning of Year</i>	272,296	272,296	272,296	0
Prior Year Encumbrances Appropriated	69	69	69	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$476,396)</u>	<u>(\$2,071)</u>	<u>\$259,384</u>	<u>\$261,455</u>

See accompanying notes to the basic financial statements

**Village of Piketon**  
**Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Permissive MVL Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$57,700	\$57,700	\$62,927	\$5,227
Interest	0	0	32	32
<i>Total Receipts</i>	57,700	57,700	62,959	5,259
<b>Disbursements</b>				
Current:				
Transportation	85,237	85,237	14,033	71,204
<i>Net Change in Fund Balance</i>	(27,537)	(27,537)	48,926	76,463
<i>Fund Balance at Beginning of Year</i>	67,931	67,931	67,931	0
Prior Year Encumbrances Appropriated	237	237	237	0
<i>Fund Balance at End of Year</i>	<u>\$40,631</u>	<u>\$40,631</u>	<u>\$117,094</u>	<u>\$76,463</u>

See accompanying notes to the basic financial statements

**Village of Piketon**  
**Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Police Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$55,000	\$55,000	\$65,099	\$10,099
Property Taxes	62,837	62,837	71,470	8,633
Charges for Services	11,500	11,500	12,176	676
Fines, Licenses and Permits	85,000	85,000	55,215	(29,785)
Intergovernmental	6,900	6,900	14,935	8,035
Contributions and Donations	0	0	100	100
Miscellaneous	1,900	1,900	16,787	14,887
<i>Total Receipts</i>	<u>223,137</u>	<u>223,137</u>	<u>235,782</u>	<u>12,645</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	226,576	228,721	212,208	16,513
Debt Service:				
Principal Retirement	20,000	28,245	28,245	0
Interest and Fiscal Charges	12,400	2,010	2,010	0
<i>Total Disbursements</i>	<u>258,976</u>	<u>258,976</u>	<u>242,463</u>	<u>16,513</u>
<i>Net Change in Fund Balance</i>	(35,839)	(35,839)	(6,681)	29,158
<i>Fund Balance at Beginning of Year</i>	93,370	93,370	93,370	0
Prior Year Encumbrances Appropriated	1,824	1,824	1,824	0
<i>Fund Balance at End of Year</i>	<u>\$59,355</u>	<u>\$59,355</u>	<u>\$88,513</u>	<u>\$29,158</u>

See accompanying notes to the basic financial statements

**Village of Piketon**  
**Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Revolving Loan Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Interest	\$0	\$0	\$4,819	\$4,819
Miscellaneous	15,900	15,900	17,745	1,845
<i>Total Receipts</i>	15,900	15,900	22,564	6,664
<b>Disbursements</b>				
Current:				
General Government	11,000	11,000	1,796	9,204
<i>Net Change in Fund Balance</i>	4,900	4,900	20,768	15,868
<i>Fund Balance at Beginning of Year</i>	136,860	136,860	136,860	0
<i>Fund Balance at End of Year</i>	<u>\$141,760</u>	<u>\$141,760</u>	<u>\$157,628</u>	<u>\$15,868</u>

See accompanying notes to the basic financial statements

**Village of Piketon**  
**Pike County**

*Statement of Fund Net Assets - Modified Cash Basis*  
*Proprietary Funds*  
*December 31, 2008*

	Business-Type Activities - Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Fund	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$186,004	\$490,571	\$4,839	\$681,414
<b>Net Assets</b>				
Unrestricted	\$186,004	\$490,571	\$4,839	\$681,414

See accompanying notes to the basic financial statements

**Village of Piketon  
Pike County**

*Statement of Cash Receipts, Disbursements and  
Changes in Fund Net Assets - Modified Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2008*

	Business-Type Activities - Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Fund	
<b>Operating Receipts</b>				
Charges for Services	\$201,750	\$397,304	\$0	\$599,054
Interest	0	5,264	0	5,264
Other	119	38	0	157
<i>Total Operating Receipts</i>	<u>201,869</u>	<u>402,606</u>	<u>0</u>	<u>604,475</u>
<b>Operating Disbursements</b>				
Personal Services	75,777	33,933	0	109,710
Contractual Services	48,153	89,268	0	137,421
Materials and Supplies	30,787	17,742	0	48,529
Debt Service Principal	5,805	89,194	0	94,999
Interest and Fiscal Charges	0	44,906	0	44,906
Capital Outlay	405,723	24,899	0	430,622
<i>Total Operating Disbursements</i>	<u>566,245</u>	<u>299,942</u>	<u>0</u>	<u>866,187</u>
<i>Operating Income (Loss)</i>	<u>(364,376)</u>	<u>102,664</u>	<u>0</u>	<u>(261,712)</u>
<b>Non-Operating Receipts</b>				
Municipal Income Taxes	136,154	0	0	136,154
Capital Grants	246,107	0	0	246,107
<i>Total Non-Operating Receipts</i>	<u>382,261</u>	<u>0</u>	<u>0</u>	<u>382,261</u>
<i>Change in Net Assets</i>	17,885	102,664	0	120,549
<i>Net Assets at Beginning of Year</i>	<u>168,119</u>	<u>387,907</u>	<u>4,839</u>	<u>560,865</u>
<i>Net Assets at End of Year</i>	<u>\$186,004</u>	<u>\$490,571</u>	<u>\$4,839</u>	<u>\$681,414</u>

See accompanying notes to the basic financial statements

**Village of Piketon**  
**Pike County**

*Statement of Fiduciary Assets and Liabilities - Modified Cash Basis*  
*Fiduciary Funds*  
*December 31, 2008*

---

---

	<u>Agency</u>
<b>Assets</b>	
Cash and Cash Equivalents in Segregated Accounts	<u>\$1,053</u>
<b>Liabilities</b>	
Undistributed Monies	<u>\$1,053</u>

See accompanying notes to the basic financial statements

## **Village of Piketon**

### **Pike County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008*

---

#### **Note 1 – Reporting Entity**

The Village of Piketon, Pike 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, component units 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.

##### **B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially 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. The Village has no component units.

The financial statements exclude the Piketon Activity Committee which performs activities within the Village's boundaries for the benefit of its residents because the Village is not financially accountable for this entity nor are they fiscally dependent on the Village.

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

#### **Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 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. Generally accepted accounting principles (GAAP) 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.



**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

**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.

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 nonoperating.

**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.

**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Fund, Permissive MVL Fund, Police Fund, and Revolving Loan Fund.

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

Street Fund - The Street Fund is required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the Village.

Permissive MVL Fund - The Permissive MVL Fund is used to account for the Village's share of the motor vehicle license tax levied by the Village.

Police Fund - The Police Fund is used to account for a property tax levy to provide police services.

Revolving Loan Fund - The Revolving Loan Fund is used to account for loans issued to and loan payments received from community residents and businesses.

The other governmental funds of the Village account for grants and other resources 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. The proprietary funds of the Village are enterprise funds.

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

Water Fund - The Water Fund accounts for the provision of water to the residents and commercial users located within the Village.

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

**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's only fiduciary fund is an agency fund. The Village's agency fund accounts for the portion of the Mayor's Court activity that does not stay within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Village are described in the appropriate section in this note.

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 tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village 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 certificate 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.

**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

**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”.

Cash and cash equivalents that are held separately in accounts for the Mayor’s Court activity is reported as “Cash and Cash Equivalents in Segregated Accounts.”

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 2008 was \$5,362, which includes \$4,485 assigned from other Village funds.

**F. Inventory and Prepaid Items**

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

**G. 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.

**H. 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.

**I. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Long-Term Obligations**

The Village’s modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for the maintenance of streets and State highways within the Village and drug enforcement.

**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide statement of net assets reports \$638,508 of restricted net assets, none of which is restricted by enabling legislation.

**L. Fund Balance Reserves**

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

**Note 3 – Compliance**

The Street Fund had original appropriations in excess of original estimated receipts and available fund balance of \$476,371 for the year ended December 31, 2008.

The Street Fund had final appropriations in excess of final estimated receipts and available fund balance of \$2,071 for the year ended December 31, 2008.

The Village will monitor budgetary controls more closely to alleviate such compliance issues.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and the Street, Permissive MVL, Police, and Revolving Loan major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year-end encumbrances treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to \$3,099 for the General Fund, \$1,216 for the Street Fund, \$311 for the Permissive MVL Fund, \$5,390 for the Police Fund, and \$58 for the Revolving Loan Fund. The Police Fund also had unrecorded cash related to Mayor's Court in the amount of \$4,518 for 2008.

**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

---

**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;
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 two percent and be marked to market daily, and the term of the agreement must not exceed 30 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; and
7. The State Treasurer's investment pool (STAROhio).

**Village of Piketon**

**Pike County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008*

---

**Note 5 – Deposits and Investments** (continued)

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.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property (used in business) located in the Village. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, 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 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, 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 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of the true value for capital assets and 23 percent for inventory. Tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2008, was \$4.75 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property:	
Agricultural/Residential	\$17,437,400
Commercial/Industrial	6,047,930
Tangible Personal Property:	
General Business	308,300
Public Utility	992,050
Total Property Taxes	<u>\$24,785,680</u>

**Village of Piketon  
Pike County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008*

---

**Note 7 – Risk Management**

The Village belongs to the Public Entities Pool of Ohio (“PEP”), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members’ deductibles.

**Casualty Coverage**

PEP retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$2,000,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP’s retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-occurrence limit of \$2,000,000.

**Property Coverage**

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss in any one occurrence, with no annual aggregate. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP’s Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Covered Pollution Cost or Expense for Automobiles (\$0 deductible)	\$2,000,000
Employment Expense (\$0 deductible)	1,000,000
Good Samaritan (\$0 deductible)	2,000,000
Legal Liability – Third Party Claims Coverage (\$0 deductible)	2,000,000
Automobile Liability Coverage (\$0 deductible)	2,000,000
Wrongful Acts Coverage (\$1,000 deductible)	2,000,000
Law Enforcement Operations Coverage (\$1,000 deductible) – per occurrence	2,000,000
Medical Malpractice (\$0 deductible)	2,000,000
Stop Gap (\$0 deductible)	2,000,000
Uninsured and Under Insured Motorist (\$0 deductible)	1,000,000
Pollution Liability Coverage:	
Chlorine (\$0 deductible)	2,000,000
Anti-Skid Material Storage and Application (\$0 deductible)	2,000,000
Sewer Backup (\$0 deductible) – per occurrence	250,000



**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

---

**Note 8 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The Village's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.4 percent of covered payroll.

The Village's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$22,443, \$23,120, and \$23,417, respectively; 100 percent has been contributed for all years. No contributions to the member-directed plan were made during 2008.

**B. Ohio Police and Fire Pension Fund**

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

**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

---

**Note 8 – Defined Benefit Pension Plans** (continued)

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers and 24.0 percent for firefighters. The Village has no firefighters. Contribution rates are established by State statute. For 2008, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The Village's pension contributions to OP&F for police were \$3,447 for the year ended December 31, 2008, \$2,008 for the year ended December 31, 2007, and \$2,501 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007 and 2006.

**Note 9 – Post-employment Benefits**

**A. Ohio Public Employees Retirement System**

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

To qualify for post-employment health care coverage, age and service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employees fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional pension and combined plans is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, state and local government employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

---

**Note 9 – Post-employment Benefits** (continued)

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$22,443, \$17,671, and \$11,454, respectively; 100 percent has been contributed for all years.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person.

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

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

Funding Policy - OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**Village of Piketon**  
**Pike County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**Note 9 – Post-employment Benefits** (continued)

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$1,825 for the year ended December 31, 2008, \$1,063 for the year ended December 31, 2007, and \$1,649 for the year ended December 31, 2006. The full amount has been contributed for all years.

**Note 10 – Debt**

The Village's long-term debt activity for the year ended December 31, 2008, was as follows:

	Principal Outstanding 12/31/07	Additions	Deductions	Principal Outstanding 12/31/08	Amounts Due Within One Year
<u>Business-Type Activities:</u>					
1989 OWDA Loan 8.07%					
Original Issue (\$1,308,331)	\$640,369	\$0	\$71,619	\$568,750	\$77,398
2002 OPWC Loan 0%					
Original Issue (\$351,499)	263,625	0	17,575	\$246,050	17,575
2005 OPWC Loan 0%					
Original Issue (\$116,096)	104,487	0	5,805	\$98,682	5,805
<b>Total Business-Type Activities</b>					
Long-Term Obligations	<u>1,008,481</u>	<u>0</u>	<u>94,999</u>	<u>913,482</u>	<u>100,778</u>
<u>Governmental Activities:</u>					
2006 Police Cruiser Loan 3.75%					
Original Issue (\$52,000)	23,823	0	17,770	6,053	6,053
2007 Pike Hill Construction Loan					
3.75% Original Issue (\$233,000)	233,000	0	233,000	0	0
2008 Pike Hill Constuction Loan					
3.75% Original Issue (\$233,000)	0	213,767	0	213,767	213,767
2007 Police Cruiser Loan 3.75%					
Original Issue (\$34,000)	34,000	0	10,475	23,525	11,326
Land Installment Contract 3.5%					
Original Issue (\$58,000)	56,337	0	4,092	52,245	4,239
<b>Total Governmental Activities</b>					
Long-Term Obligation	<u>347,160</u>	<u>213,767</u>	<u>265,337</u>	<u>295,590</u>	<u>235,385</u>
<b>Total Long-Term Obligations</b>	<u>\$1,355,641</u>	<u>\$213,767</u>	<u>\$360,336</u>	<u>\$1,209,072</u>	<u>\$336,163</u>

**Village of Piketon**

**Pike County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008*

**Note 10 – Debt** (continued)

The 1989 Ohio Water Development Authority (OWDA) Loan relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments, including interest, over 25 years.

The 2002 Ohio Public Works Commission (OPWC) Loan relates to a wastewater treatment plant upgrade. The loan will be repaid in semiannual installments over 20 years.

The 2005 Ohio Public Works Commission (OPWC) Loan relates to the water treatment plant renovation. The loan will be repaid in semiannual installments over 20 years.

The 2006 Police Cruiser Loan relates to the purchase of new police cruisers. The loan will be repaid in monthly installments over three years.

The 2008 Pike Hill Construction Loan relates to the replacement of Pike Hill Road.

The 2007 Police Cruiser Loan relates the purchase of a new police cruiser. The loan will be repaid in annual installments over three years.

The Village entered into a Land Installment Contract for the purchase of property. The price of the contract is \$75,000. Upon signing the agreement, \$17,000 is paid to the seller with the remaining balance to be repaid over the next 144 months.

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

<i>Year</i>	<i>Business-Type Activities</i>			
	<i>Sewer OWDA Loan</i>		<i>Sewer OPWC Loans</i>	<i>Water OPWC Loans</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>
2009	\$77,398	\$39,812	\$17,575	\$5,805
2010	83,645	34,395	17,575	5,805
2011	90,395	28,539	17,575	5,805
2012	97,689	22,212	17,575	5,805
2013	105,573	15,374	17,575	5,805
2014-2018	114,050	8,026	87,875	29,025
2019-2023	0	0	70,300	29,025
2024-2025	0	0	0	11,607
<b>Totals</b>	<b>\$568,750</b>	<b>\$148,358</b>	<b>\$246,050</b>	<b>\$98,682</b>

**Village of Piketon  
Pike County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008*

**Note 10 – Debt** (continued)

<i>Year</i>	<i>Governmental Activities</i>					
	<i>Police Cruisers</i>		<i>Pike Hill Project</i>		<i>Land Installment</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2009	\$17,379	\$955	\$213,767	\$8,016	\$4,239	\$1,761
2010	12,199	0	0	0	4,388	1,612
2011	0	0	0	0	4,546	1,454
2012	0	0	0	0	4,706	1,294
2013	0	0	0	0	4,875	1,125
2014-2018	0	0	0	0	27,107	2,893
2019	0	0	0	0	2,384	20
<b>Totals</b>	<b>\$29,578</b>	<b>\$955</b>	<b>\$213,767</b>	<b>\$8,016</b>	<b>\$52,245</b>	<b>\$10,159</b>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amounts equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$2,307,247 and an unvoted debt margin of \$1,067,963.

**Note 11– Contingent Liabilities**

A. Litigation

On April 25, 2008, the Village was notified that a complaint for a writ of mandamus has been filed against the Village. The plaintiff wants the Village to pay the judgment against the former Police Chief. The Village does not know what the ultimate disposition of this claim will have on the financial statements.

B. Federal and State Grants

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

**Note 12 – Going Concern/Fiscal Emergency**

The Village was declared to be in fiscal emergency by the Auditor of State on July 8, 2004. A performance audit was conducted on the Village by the Auditor of State dated July 8, 2004.

A Financial Planning Commission was appointed according to Chapter 118, Ohio Revised Code. The Financial Planning and Supervision Commission of the Village of Piketon contracted with the Local Government Services Section of the office of the Auditor of State to act as Financial Supervisor for the Village of Piketon as set forth in Chapter 118, Ohio Revised Code.

**Village of Piketon**

**Pike County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008*

---

**Note 12 – Going Concern/Fiscal Emergency** (continued)

The Financial Supervisor is to provide financial oversight, accounting and reporting and general services in the following areas:

- Assist in the preparation of tax budgets, appropriations and amended certificates;
- Assist in the preparation of a financial recovery plan, including analyzing revenue sources to see if they are adequate to support anticipated expenditures;
- Assist in preparing a five year forecast;
- Assist in preparing year-end financial reports;
- Provide training and assistance in monthly reconciliations and maintaining accounting ledgers;
- Assist in the preparation of cash basis financial reports for the years under audit;
- Attend monthly Commission meetings; and
- Monitor the Village to ensure compliance with established procedures and spending levels.

The Financial Planning Commission will cease when the Auditor of State determines that the conditions that existed to cause the fiscal emergency no longer exist.

**Note 13 – Subsequent Event**

On March 4, 2009, the Ohio Supreme Court filed an opinion in the *Miles v. Piketon* Mandamus action. The Ohio Supreme Court unanimously denied the Miles Estate's Writ of Mandamus.



**Report On Internal Control Over Financial Reporting and On Compliance and Other Matters  
Required by *Government Auditing Standards***

Village Council  
Village of Piketon  
Pike County  
P.O. Box 547  
Piketon, Ohio 45661

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 Piketon, Pike County, Ohio, (the Village) as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 25, 2010, wherein we noted the Village used a comprehensive basis of accounting other than generally accepted accounting principles and that the Village has been declared in a state of fiscal emergency. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control 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 performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal controls will not prevent or detect a more than inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting: 2008-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 25, 2010.



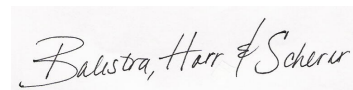
### Compliance and Other Matters

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

We also noted certain non-compliance and other matters that we reported to the Village's management in a separate letter dated June 25, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and accordingly, we express no opinion on them.

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



Balestra, Harr & Scherer, CPAs, Inc.  
June 25, 2010

**VILLAGE OF PIKETON  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008**

**FINDING NUMBER 2008-001**

**Significant Control Deficiency**

The Village issues revolving loans to various citizens of the Village who are required to make monthly payments until the loan is paid in full. However the Village does not have any controls in place to monitor the collection of these loans. There were loans for which payments had not been received for several months and the Village did not take action to collect these loans.

The Village should monitor the collections of all revolving loans monthly. Upon determining that an account has defaulted on its repayment requirements the Village should take the proper legal actions to collect on these outstanding loans.

***Client Response:***

Council has formed a revolving loan committee to review the loan process. All loans have been suspended until procedures are in place to ensure collection of outstanding loans. Letters are being sent monthly to customers who are not making monthly payments.

**VILLAGE OF PIKETON  
PIKE COUNTY  
DECEMBER 31, 2008**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2007-001	Reportable Condition Monitoring of revolving loans	No	Reissued as 2008-001
2007-002	Reportable Condition Segregation of duties	Yes	
2007-003	Reportable Condition Internal controls over financial reporting	Yes	
2007-004	ORC Section 5705.39 Appropriations limited by estimated resources	Yes	
2007-005	ORC Section 5705.41(B) Expending unless it has been appropriated	Yes	

**This Page is Intentionally Left Blank.**



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF PIKETON**

**PIKE 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  
NOVEMBER 30, 2010**