

Village of Piketon
Pike County, Ohio

Regular Audit

January 1, 2006, through December 31, 2007
Fiscal Years Audited Under GAGAS: 2007 and 2006



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

Village Council
Village of Piketon
P.O. 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, 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 Piketon is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 21, 2008

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Pike County, Ohio
For the Years Ended December 31, 2007 and 2006
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Ohio Society of Certified Public Accountants

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 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 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 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 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, 2007 and 2006, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and major special revenue funds thereof for the years then ended in conformity with the accounting basis Note 2 describes.

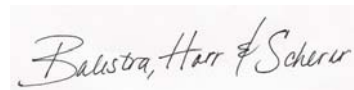
As described in Note 13 to the financial statements, the Village has been declared in a state of fiscal emergency under Ohio law.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Village of Piketon
Independent Auditor's Report

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

As described in note 3 to the basic financial statements, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivable and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*".



Balestra, Harr & Scherer, CPAs, Inc.

August 31, 2008

Village of Piketon,
Pike County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of the Village of Piketon's (the Village's) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Village's 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 2007 and 2006 are as follows:

Net assets of governmental activities increased \$389,272, in 2007. Net assets of governmental activities increased \$249,281, in 2006. The fund most affected by the increase in cash and cash equivalents in 2007 was the Street Fund, which realized the greatest reduction of expenditures. The fund most affected by the increase in 2006 was the Police Fund, which realized an increase of receipts combined with a decrease of expenditures.

The Village's general receipts are primarily municipal income taxes, property taxes and intergovernmental receipts. These receipts represent respectively 24, 9 and 10 percent of the total cash received for governmental activities during 2007 and 38, 12 and 11 percent of the total cash received for governmental activities during 2006. The water and sewer operations, the Village's business-type activities increased \$121,207 and \$15,231, respectively for 2007 and \$48,449 and \$16,120, respectively for 2006.

Municipal income tax revenues increased \$81,389 for 2007. This increase is due to the Regional Income Tax Authority improving the tax collection records for the Village. Municipal income tax revenues increased \$298,107 for 2006. This increase is due to 2006 being the first full year of collection. The Municipal income tax is allocated at 25 percent to the General Fund, 30 percent to the Street Special Revenue Fund, 15 percent to the Police Special revenue Fund and 30 percent to the Water Fund for 2007. The Municipal income tax is allocated at 25 percent to the General Fund, 25 percent to the Street Special Revenue Fund and 50 percent to the Police Special Revenue Fund for 2006.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

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

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

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

Village of Piketon,
Pike County
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Basis of Accounting

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

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

Reporting the Village as a Whole

One of the most important questions to ask about the Village is "How did we do financially during 2007 and 2006?"

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

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

Village of Piketon,
Pike County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

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. For both 2007 and 2006, the Village's major governmental funds are the General, Street, Police, Permissive MVL and Revolving Loan Funds. 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 in the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 and 2005 on a cash basis:

(Table 1)
Net Assets - Cash Basis

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$ 789,544	\$ 400,272	\$ 150,991
 Net Assets			
Restricted for Other Purposes	\$ 584,978	\$ 275,284	\$ 45,989
Unrestricted	204,566	124,988	105,002
Total Net Assets	\$ 789,544	\$ 400,272	\$ 150,991
	Business-Type Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$ 56,865	\$ 424,427	\$ 359,858
 Net Assets			
Unrestricted	\$ 56,865	\$ 24,427	\$ 359,858

As mentioned previously, net assets of governmental activities increased \$389, 272 and \$249,281 during 2007 and 2006 respectively. The primary reasons contributing to the increases in cash balances is the larger than expected increase in municipal income tax collections and the unspent proceeds from the Pike Hill Loan for 2007 and 2006.

Village of Piketon,
Pike County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets in 2007, 2006 and 2005.

(Table 2)
Changes in Net Assets - Cash Basis

	Governmental Activities			Business Type Activities		
	2007	2006	2005*	2007	2006	2005*
Receipts:						
Program Receipts:						
Charges for Services	\$ 112,017	\$ 107,296	\$ 96,644	\$ 592,046	\$ 575,938	\$ 569,985
Operating Grants and Contributions	94,744	93,439	87,205	-	-	23,877
Capital Grants and Contributions	6,600	16,013	-	100,000	-	116,096
Total Program Receipts	<u>213,361</u>	<u>216,748</u>	<u>183,849</u>	<u>692,046</u>	<u>575,938</u>	<u>709,958</u>
General Receipts:						
Property Taxes	99,705	101,600	121,768	-	-	-
Municipal Income Taxes	284,804	325,474	27,367	122,059	-	-
Other Local Taxes	28,909	24,299	32,536	-	-	-
Grants and Entitlements Not Restricted to Specific Programs	112,329	96,873	104,064	-	-	-
Notes Issued	367,310	52,000	-	-	-	-
Interest	10,358	3,433	1,888	-	-	-
Miscellaneous	55,876	37,470	100,032	514	25,067	21,610
Total General Receipts	<u>959,291</u>	<u>641,149</u>	<u>387,655</u>	<u>122,573</u>	<u>25,067</u>	<u>21,610</u>
Total Receipts	<u>1,172,652</u>	<u>857,897</u>	<u>571,504</u>	<u>814,619</u>	<u>601,005</u>	<u>731,568</u>
Disbursements:						
General Government	173,609	229,184	159,513	-	-	-
Security of Persons and Property	228,342	205,928	158,215	-	-	-
Community Environment	8,672	8,390	7,693	-	-	-
Transportation	233,008	152,874	91,483	-	-	-
Capital Outlay	75,000	-	-	-	-	-
Principal Retirement	61,090	11,060	-	-	-	-
Interest and Fiscal Charges	3,659	1,180	50	-	-	-
Water	-	-	-	211,110	143,588	284,645
Sewer	-	-	-	467,071	392,848	378,993
Total Disbursements	<u>783,380</u>	<u>608,616</u>	<u>416,954</u>	<u>678,181</u>	<u>536,436</u>	<u>663,638</u>
Increase in Net Assets	389,272	249,281	154,550	136,438	64,569	67,930
Net Assets, January 1	400,272	150,991	(3,559)	424,427	359,858	291,928
Net Assets, December 31	<u>\$ 789,544</u>	<u>\$ 400,272</u>	<u>\$ 150,991</u>	<u>\$ 560,865</u>	<u>\$ 424,427</u>	<u>\$ 359,858</u>

* As restated see note 3

Governmental program receipts represent only 18 percent and 25 percent of total receipts for 2007 and 2006 respectively and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspections fees and fines and forfeitures derived from police services.

General receipts represent 82 percent of the Village's total receipts for 2007 and 75 percent of the Village's total receipts for 2006, and of this amount, 43 percent are property, income, and other local taxes in 2007 and 70 percent are property, income, and other local taxes in 2006. Grants and Entitlements not restricted to Specific Programs represent 12 percent of general receipts for 2007 and 15 percent for 2006.

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Disbursement for General government decreased \$55,575 in 2007. This decrease is due to the Village's starting to pay the employees benefits from the funds they are paid from. Disbursement for General government increased \$69,671 in 2006. This increase is primarily due to the large number of loans the Village made in the Revolving loan fund.

Disbursements for Security of Persons and Property increased \$22,414 in 2007. This increase is due to the Village adding an extra officer during a shift and the payment of benefits and an increase in operating costs. Disbursements for Security of Persons and Property increased \$47,713 in 2006. This increase is related to the purchase of two new police cruisers and an increase in material and supplies associated with keeping the police department operating.

Disbursements for Transportation increased \$80,134 in 2007. This increase is related to the Pike Hill project and the purchase of a new dump truck.

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 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 roads.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 13, 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 security of persons and property and transportation, which account for 29 and 25 percent of all governmental disbursements, respectively in 2007 and 30 and 25 percent of all governmental disbursements, respectively in 2006. The next three columns of the Statement entitled Program Cash 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 mainly provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
General Government	\$ 173,609	\$ (166,129)	\$ 229,184	\$ (229,159)	\$ 159,513	\$ (158,220)
Security of Persons and Property	228,342	(119,121)	205,928	(102,994)	158,215	(64,478)
Community Environment	8,672	5,727	8,390	13,017	7,693	(690)
Transportation	233,008	(150,747)	152,874	(60,492)	91,483	(8,734)
Capital Outlay	75,000	(75,000)	-	-	-	-
Principal Retirement	61,090	(61,090)	11,060	(11,060)	-	-
Interest and Fiscal Charges	3,659	(3,659)	1,180	(1,180)	50	(50)
Total Expenses	<u>\$ 783,380</u>	<u>\$ (570,019)</u>	<u>\$ 608,616</u>	<u>\$ (391,868)</u>	<u>\$ 416,954</u>	<u>\$ (232,172)</u>

The dependence upon general receipts such as property and income taxes and State shared tax receipts is apparent as 27 and 37 percent of governmental activities are supported through general receipts for the years ended December 31, 2007 and 2006, respectively.

Village of Piketon,
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Management's Discussion and Analysis
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Unaudited

Business-type Activities

The water and sewer operations of the Village are relatively small and routinely reports receipts and 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. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

Net assets of Business-Type Activities increased \$136,438 and \$64,569 for 2007 and 2006 respectively.

The Village's Funds

Total governmental funds had receipts of \$805,342 and disbursements of \$783,380 in 2007 and receipts of \$805,897 and disbursements of \$608,616 in 2006.

The General Fund's Balance increased \$79,578 in 2007 primarily due to revenues increased 14 percent while expenditures increased 40 percent. The General Fund's Balance increased \$54,725 in 2006, primarily due to an increase in income tax revenue while expenditures increased slightly.

The Street Fund's balance increased \$240,913 in 2007. This increase is due to the Village allocating a larger percentage of income tax to this fund and the unspent loan proceeds from the Pike Hill Road project. The Street Fund's balance increased \$17,202 in 2006. While expenditures increased, the addition of income tax revenue was sufficient to cover the increase in expenditures.

The Permissive MVL Fund Balance increased \$5,597 in 2007, due to a slight increase in the permissive motor vehicle license tax monies. The Permissive MVL Fund Balance increased \$33,971 in 2006, due to an increase in the permissive motor vehicle license tax monies.

The Police Fund's balance increased \$40,547 in 2007. If you factor out Other Financing Sources from the increase, the actual increase for the Police Fund was \$6,547. This increase is significantly lower than the prior year's increase due to the Village reducing the percentage of income tax that was being allocated. The Police Fund's balance increased \$224,922 in 2006 as the result of income, property and other local taxes revenues being higher than the increased costs of maintaining a police department.

The Revolving Loan Fund's balance increased \$20,303 in 2007 due to the repayment of loans exceeding the amount of loans issued. The Revolving Loan Fund's balance decreased \$81,396 in 2006, due to an increase in loans issued during the year.

General Fund Budgeting Highlights

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

There was no change in the General Fund for the original and final budgeted revenues. The original and final budgeted appropriations were \$248,407 and \$321,867 in 2007 respectively, resulting in a \$73,460 increase primarily relating to capital outlay. Actual revenues exceeded final budgeted revenues by \$28,063 due to an increase in income and property taxes and interest. Actual expenditures were less than budgeted expenditures by \$35,249. The Village's ending General Fund balance was \$63,312 above the final budgeted amount.

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Original General Fund budgeted revenues were \$319,126 in 2006. The final budgeted amount was \$242,585 resulting in a \$76,541 decrease. Municipal income taxes revenue line was decreased \$65,000 due to the Village's making the final budgeted amount tie to the recovery plan. The original and final budgeted appropriations were \$185,774 and \$214,474 respectively. The final budgeted appropriations were \$28,700 higher due to increased general government expenditures. Actual revenues exceeded final budgeted revenues by \$26,319 due to an increase in income and property and other local income taxes. Actual expenditures were less than final budgeted expenditures by \$9,783. The Village's ending General fund balance was \$70,102 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, 2007 and 2006, the Village's outstanding enterprise debt was \$1,008,481 and \$1,095,227, respectively in OWDA and OPWC loans issued for improvements and expansion of the water and wastewater treatment plants. Outstanding governmental debt was \$40,940 at December 31, 2006 for the 2006 purchase of two new police cruisers, and \$347,160 at December 31, 2007 for the 2007 purchase of another police cruiser and the loan issued for the Pike Hill Road project. For further information regarding the Village's debt, refer to Note 11 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 2007 were somewhat underestimated. The year 2007 was financially sound in all funds. We had several capital improvement projects: the Lucas Street Tower Painting and the reconstruction of Pike Hill Roadway. 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.

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 - Cash Basis
As of December 31, 2007

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 789,544	\$ 560,865	\$ 1,350,409
Net Assets			
Restricted for:			
Other Purposes	\$ 584,978	\$ -	\$ 584,978
Unrestricted	204,566	560,865	765,431
<i>Total Net Assets</i>	<i>\$ 789,544</i>	<i>\$ 560,865</i>	<i>\$ 1,350,409</i>

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Net Assets - Cash Basis
As of December 31, 2006

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$ 400,272</u>	<u>\$ 424,427</u>	<u>\$ 824,699</u>
Net Assets			
Restricted for:			
Other Purposes	\$ 275,284	\$ -	\$ 275,284
Unrestricted	<u>124,988</u>	<u>424,427</u>	<u>549,415</u>
<i>Total Net Assets</i>	<u>\$ 400,272</u>	<u>\$ 424,427</u>	<u>\$ 824,699</u>

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Activities - 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	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 173,609	\$ -	\$ 7,480	\$ -	\$ (166,129)	\$ -	(\$166,129)
Security of Persons and Property	228,342	100,618	5,003	3,600	(119,121)	-	(119,121)
Community Environment	8,672	11,399	-	3,000	5,727	-	5,727
Transportation	233,008	-	82,261	-	(150,747)	-	(150,747)
Capital Outlay	75,000	-	-	-	(75,000)	-	(75,000)
Principal Retirement	61,090	-	-	-	(61,090)	-	(61,090)
Interest and Fiscal Charges	3,659	-	-	-	(3,659)	-	(3,659)
<i>Total Governmental Activities</i>	<u>783,380</u>	<u>112,017</u>	<u>94,744</u>	<u>6,600</u>	<u>(570,019)</u>	<u>-</u>	<u>(570,019)</u>
Business Type Activity							
Water	211,110	209,744	-	-	-	(1,366)	(1,366)
Sewer	467,071	382,302	-	100,000	-	15,231	15,231
<i>Total Business-Type Activities</i>	<u>678,181</u>	<u>592,046</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>13,865</u>	<u>13,865</u>
<i>Total Activities</i>	<u>\$ 1,461,561</u>	<u>\$ 704,063</u>	<u>\$ 94,744</u>	<u>\$ 106,600</u>	<u>\$ (570,019)</u>	<u>13,865</u>	<u>(556,154)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					25,512	-	25,512
Security of Persons and Property					74,193	-	74,193
Municipal Income Tax					284,804	122,059	406,863
Other Local Taxes					28,909	-	28,909
Grants and Entitlements not Restricted to Specific Programs					112,329	-	112,329
Notes Issued					367,310	-	367,310
Interest					10,358	-	10,358
Miscellaneous					55,876	514	56,390
<i>Total General Receipts</i>					<u>959,291</u>	<u>122,573</u>	<u>1,081,864</u>
Change in Net Assets					389,272	136,438	525,710
<i>Net Assets - Beginning of Year</i>					<u>400,272</u>	<u>424,427</u>	<u>824,699</u>
<i>Net Assets - End of Year</i>					<u>\$ 789,544</u>	<u>\$ 560,865</u>	<u>\$ 1,350,409</u>

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 229,184	\$ 25	\$ -	\$ -	\$ (229,159)	\$ -	(\$229,159)
Security of Persons and Property	205,928	99,864	1,057	2,013	(102,994)	-	(102,994)
Community Environment	8,390	7,407	-	14,000	13,017	-	13,017
Transportation	152,874	-	92,382	-	(60,492)	-	(60,492)
Principal Retirement	11,060	-	-	-	(11,060)	-	(11,060)
Interest and Fiscal Charges	1,180	-	-	-	(1,180)	-	(1,180)
<i>Total Governmental Activities</i>	<u>608,616</u>	<u>107,296</u>	<u>93,439</u>	<u>16,013</u>	<u>(391,868)</u>	<u>-</u>	<u>(391,868)</u>
Business Type Activity							
Water	143,588	191,970	-	-	-	48,382	48,382
Sewer	392,848	383,968	-	-	-	(8,880)	(8,880)
<i>Total Business-Type Activities</i>	<u>536,436</u>	<u>575,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,502</u>	<u>39,502</u>
<i>Total Activities</i>	<u>\$ 1,145,052</u>	<u>\$ 683,234</u>	<u>\$ 93,439</u>	<u>\$ 16,013</u>	<u>\$ (391,868)</u>	<u>\$ 39,502</u>	<u>\$ (352,366)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					26,938	-	26,938
Security of Persons and Property					74,662	-	74,662
Municipal Income Tax					325,474	-	325,474
Other Local Taxes					24,299	-	24,299
Grants and Entitlements not Restricted to Specific Programs					96,873	-	96,873
Notes Issued					52,000	-	52,000
Interest					3,433	-	3,433
Miscellaneous					37,470	25,067	62,537
<i>Total General Receipts</i>					<u>641,149</u>	<u>25,067</u>	<u>666,216</u>
Change in Net Assets					249,281	64,569	313,850
<i>Net Assets - Beginning of Year Restated see Note 3</i>					<u>150,991</u>	<u>359,858</u>	<u>510,849</u>
<i>Net Assets - End of Year</i>					<u>\$ 400,272</u>	<u>\$ 424,427</u>	<u>\$ 824,699</u>

See accompanying notes to the basic financial statements.

Village of Pikeston
Pike County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2007

	General Fund	Street Fund	Permissive MVL Fund	Police Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 211,695	\$ 272,365	\$ 68,168	\$ 95,194	\$ 136,860	\$ 5,262	\$ 789,544
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$ 2,089	\$ 69	\$ 237	\$ 1,824	\$ -	\$ 10	\$ 4,229
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	209,606	-	-	-	-	-	209,606
Special Revenue Funds	-	272,296	67,931	93,370	136,860	5,252	575,709
Total Fund Balances	<u>\$ 211,695</u>	<u>\$ 272,365</u>	<u>\$ 68,168</u>	<u>\$ 95,194</u>	<u>\$ 136,860</u>	<u>\$ 5,262</u>	<u>\$ 789,544</u>

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2006

	General Fund	Street Fund	Permissive MVL Fund	Police Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 132,117	\$ 31,452	\$ 62,571	\$ 54,647	\$ 116,557	\$ 2,928	\$ 400,272
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$ 1,512	\$ 38	\$ 76	\$ 123	\$ -	\$ -	\$ 1,749
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	130,605	-	-	-	-	-	130,605
Special Revenue Funds	-	31,414	62,495	54,524	116,557	2,928	267,918
Total Fund Balances	<u>\$ 132,117</u>	<u>\$ 31,452</u>	<u>\$ 62,571</u>	<u>\$ 54,647</u>	<u>\$ 116,557</u>	<u>\$ 2,928</u>	<u>\$ 400,272</u>

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General Fund	Street Fund	Permissive MVL Fund	Police Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Municipal Income Taxes	\$ 101,716	\$ 122,059	\$ -	\$ 61,029	\$ -	\$ -	\$ 284,804
Property and Other Local Taxes	54,421	-	-	74,193	-	-	128,614
Charges for Services	-	-	-	12,450	-	-	12,450
Fines and Forfeitures	20,259	-	-	79,308	-	-	99,567
Intergovernmental	112,329	23,713	67,251	5,003	-	5,377	213,673
Interest	9,148	420	735	-	-	55	10,358
Miscellaneous	8,234	305	-	4,386	42,951	-	55,876
<i>Total Receipts</i>	<u>306,107</u>	<u>146,497</u>	<u>67,986</u>	<u>236,369</u>	<u>42,951</u>	<u>5,432</u>	<u>805,342</u>
Disbursements							
Current:							
General Government	148,137	-	-	2,824	22,648	-	173,609
Security of Persons and Property	19,714	-	-	208,628	-	-	228,342
Community Environment	8,672	-	-	-	-	-	8,672
Transportation	30,506	137,015	62,389	-	-	3,098	233,008
Capital Outlay	75,000	-	-	-	-	-	75,000
Debt Service:							
Principal Retirement	1,663	42,310	-	17,117	-	-	61,090
Interest and Fiscal Charges	837	1,569	-	1,253	-	-	3,659
<i>Total Disbursements</i>	<u>284,529</u>	<u>180,894</u>	<u>62,389</u>	<u>229,822</u>	<u>22,648</u>	<u>3,098</u>	<u>783,380</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	21,578	(34,397)	5,597	6,547	20,303	2,334	21,962
Other Financing Sources							
Notes Issued	58,000	275,310	-	34,000	-	-	367,310
<i>Net Change in Fund Balances</i>	79,578	240,913	5,597	40,547	20,303	2,334	389,272
<i>Fund Balances - Beginning of Year</i>	132,117	31,452	62,571	54,647	116,557	2,928	400,272
<i>Fund Balances - End of Year</i>	<u>\$ 211,695</u>	<u>\$ 272,365</u>	<u>\$ 68,168</u>	<u>\$ 95,194</u>	<u>\$ 136,860</u>	<u>\$ 5,262</u>	<u>\$ 789,544</u>

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General Fund	Street Fund	Permissive MVL Fund	Police Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Municipal Income Taxes	\$ 81,369	\$ 81,368	\$ -	\$ 162,737	\$ -	\$ -	\$ 325,474
Property and Other Local Taxes	51,237	-	-	74,662	-	-	125,899
Charges for Services	-	-	-	12,700	-	-	12,700
Fines and Forfeitures	17,082	-	-	77,514	-	-	94,596
Intergovernmental	110,873	19,023	66,165	6,722	-	3,542	206,325
Interest	3,331	-	68	-	-	34	3,433
Miscellaneous	5,012	41	-	5,341	27,076	-	37,470
<i>Total Receipts</i>	<u>268,904</u>	<u>100,432</u>	<u>66,233</u>	<u>339,676</u>	<u>27,076</u>	<u>3,576</u>	<u>805,897</u>
Disbursements							
Current:							
General Government	152,649	-	-	3,063	73,472	-	229,184
Security of Persons and Property	19,477	-	-	186,451	-	-	205,928
Community Environment	8,390	-	-	-	-	-	8,390
Transportation	22,663	94,230	32,262	-	-	3,719	152,874
Debt Service:							
Principal Retirement	-	-	-	11,060	-	-	11,060
Interest and Fiscal Charges	-	-	-	1,180	-	-	1,180
<i>Total Disbursements</i>	<u>203,179</u>	<u>94,230</u>	<u>32,262</u>	<u>201,754</u>	<u>73,472</u>	<u>3,719</u>	<u>608,616</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>65,725</u>	<u>6,202</u>	<u>33,971</u>	<u>137,922</u>	<u>(46,396)</u>	<u>(143)</u>	<u>197,281</u>
Other Financing Sources (Uses)							
Notes Issued	-	-	-	52,000	-	-	52,000
Transfers In	-	11,000	-	35,000	-	-	46,000
Transfers Out	(11,000)	-	-	-	(35,000)	-	(46,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(11,000)</u>	<u>11,000</u>	<u>-</u>	<u>87,000</u>	<u>(35,000)</u>	<u>-</u>	<u>52,000</u>
<i>Net Change in Fund Balances</i>	<u>54,725</u>	<u>17,202</u>	<u>33,971</u>	<u>224,922</u>	<u>(81,396)</u>	<u>(143)</u>	<u>249,281</u>
<i>Fund Balances - Beginning of Year (as restated see note 3)</i>	<u>77,392</u>	<u>14,250</u>	<u>28,600</u>	<u>(170,275)</u>	<u>197,953</u>	<u>3,071</u>	<u>150,991</u>
<i>Fund Balances - End of Year</i>	<u>\$ 132,117</u>	<u>\$ 31,452</u>	<u>\$ 62,571</u>	<u>\$ 54,647</u>	<u>\$ 116,557</u>	<u>\$ 2,928</u>	<u>\$ 400,272</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*

General Fund

For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$ 95,000	\$ 95,000	\$ 101,716	\$ 6,716
Property and Other Local Taxes	51,393	51,393	54,421	3,028
Fines, Licenses and Permits	18,851	18,851	20,259	1,408
Intergovernmental	109,800	109,800	112,329	2,529
Interest	2,700	2,700	9,148	6,448
Other	300	300	8,234	7,934
<i>Total Receipts</i>	<u>278,044</u>	<u>278,044</u>	<u>306,107</u>	<u>28,063</u>
Disbursements				
Current:				
General Government	188,891	180,215	152,106	28,109
Security of Persons and Property	21,000	21,000	19,714	1,286
Community Environment	9,042	9,657	8,888	769
Transportation	27,651	34,172	30,910	3,262
Capital Outlay	-	75,000	75,000	-
Debt Service:				
Principal Retirement	1,536	1,536	-	1,536
Interest and Fiscal Charges	287	287	-	287
<i>Total Disbursements</i>	<u>248,407</u>	<u>321,867</u>	<u>286,618</u>	<u>35,249</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>29,637</u>	<u>(43,823)</u>	<u>19,489</u>	<u>63,312</u>
Other Financing Sources (Uses)				
Note Issue	-	58,000	58,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>58,000</u>	<u>58,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	29,637	14,177	77,489	63,312
<i>Fund Balance Beginning of Year</i>	130,605	130,605	130,605	-
Prior Year Encumbrances Appropriated	1,512	1,512	1,512	-
<i>Fund Balance End of Year</i>	<u>\$ 161,754</u>	<u>\$ 146,294</u>	<u>\$ 209,606</u>	<u>\$ 63,312</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$ 90,000	\$ 90,000	\$ 122,059	\$ 32,059
Intergovernmental	490,636	490,636	23,713	(466,923)
Interest	-	-	420	420
Other	1,000	1,000	305	(695)
<i>Total Receipts</i>	<u>581,636</u>	<u>581,636</u>	<u>146,497</u>	<u>(435,139)</u>
Disbursements				
Current:				
Transportation	736,600	131,410	137,084	(5,674)
Debt Service:				
Principal Retirement	1,536	-	42,310	(42,310)
Interest and Fiscal Charges	764	-	1,569	(1,569)
<i>Total Disbursements</i>	<u>738,900</u>	<u>131,410</u>	<u>180,963</u>	<u>(49,553)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(157,264)</u>	<u>450,226</u>	<u>(34,466)</u>	<u>(484,692)</u>
Other Financing Sources				
Notes Issued	233,000	233,000	275,310	42,310
<i>Net Change in Fund Balance</i>	75,736	683,226	240,844	(442,382)
<i>Fund Balance Beginning of Year</i>	31,414	31,414	31,414	-
<i>Prior Year Encumbrances Appropriated</i>	<u>38</u>	<u>38</u>	<u>38</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 107,188</u>	<u>\$ 714,678</u>	<u>\$ 272,296</u>	<u>\$ (442,382)</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 57,700	\$ 57,700	\$ 67,251	\$ 9,551
Interest	-	-	735	735
<i>Total Receipts</i>	57,700	57,700	67,986	10,286
Disbursements				
Current:				
Transportation	72,293	23,370	62,626	(39,256)
Debt Service:				
Principal Retirement	1,536	1,536	-	1,536
Interest and Fiscal Charges	264	264	-	264
<i>Total Disbursements</i>	74,093	25,170	62,626	(37,456)
<i>Net Change in Fund Balance</i>	(16,393)	32,530	5,360	(27,170)
<i>Fund Balance Beginning of Year</i>	62,495	62,495	62,495	-
<i>Prior Year Encumbrances Appropriated</i>	76	76	76	-
<i>Fund Balance End of Year</i>	\$ 46,178	\$ 95,101	\$ 67,931	\$ (27,170)

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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$ 45,000	\$ 45,000	\$ 61,029	\$ 16,029
Property and Other Local Taxes	56,610	56,610	74,193	17,583
Charges for Services	11,500	11,500	12,450	950
Fines, Licenses and Permits	85,000	85,000	79,308	(5,692)
Intergovernmental	6,900	6,900	5,003	(1,897)
Other	1,900	1,900	4,386	2,486
<i>Total Receipts</i>	<u>206,910</u>	<u>206,910</u>	<u>236,369</u>	<u>29,459</u>
Disbursements				
Current:				
General Government	4,000	4,000	2,824	1,176
Security of Persons and Property	174,243	217,743	210,452	7,291
Debt Service:				
Principal Retirement	28,177	17,117	17,117	-
Interest and Fiscal Charges	2,406	1,883	1,253	630
<i>Total Disbursements</i>	<u>208,826</u>	<u>240,743</u>	<u>231,646</u>	<u>9,097</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,916)</u>	<u>(33,833)</u>	<u>4,723</u>	<u>38,556</u>
Other Financing Sources				
Notes Issued	34,000	34,000	34,000	-
<i>Net Change in Fund Balance</i>	32,084	167	38,723	38,556
<i>Fund Balance Beginning of Year</i>	54,524	54,524	54,524	-
<i>Prior Year Encumbrances Appropriated</i>	<u>123</u>	<u>123</u>	<u>123</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 86,731</u>	<u>\$ 54,814</u>	<u>\$ 93,370</u>	<u>\$ 38,556</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Other	<u>\$ 16,400</u>	<u>\$ 16,400</u>	<u>\$ 42,951</u>	<u>\$ 26,551</u>
Disbursements				
Current:				
General Government	<u>9,613</u>	<u>32,598</u>	<u>22,648</u>	<u>9,950</u>
<i>Net Change in Fund Balance</i>	6,787	(16,198)	20,303	36,501
<i>Fund Balance Beginning of Year</i>	<u>116,557</u>	<u>116,557</u>	<u>116,557</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 123,344</u></u>	<u><u>\$ 100,359</u></u>	<u><u>\$ 136,860</u></u>	<u><u>\$ 36,501</u></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
General 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				
Municipal Income Taxes	\$ 124,000	\$ 59,000	\$ 81,369	22,369
Property and Other Local Taxes	58,351	41,200	51,237	10,037
Fines, Licenses and Permits	32,375	23,961	17,082	(6,879)
Intergovernmental	103,100	117,124	110,873	(6,251)
Interest	-	1,000	3,331	2,331
Other	1,300	300	5,012	4,712
<i>Total Receipts</i>	<u>319,126</u>	<u>242,585</u>	<u>268,904</u>	<u>26,319</u>
Disbursements				
Current:				
General Government	136,618	160,450	154,161	6,289
Security of Persons and Property	19,751	20,751	19,477	1,274
Community Environment	8,801	8,801	8,390	411
Transportation	20,604	24,472	22,663	1,809
<i>Total Disbursements</i>	<u>185,774</u>	<u>214,474</u>	<u>204,691</u>	<u>9,783</u>
<i>Excess of Receipts Over Disbursements</i>	<u>133,352</u>	<u>28,111</u>	<u>64,213</u>	<u>36,102</u>
Other Financing (Uses)				
Transfers Out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(11,000)</u>	<u>34,000</u>
<i>Net Change in Fund Balance</i>	88,352	(16,889)	53,213	70,102
<i>Fund Balance Beginning of Year As Restated See note 3</i>	76,352	76,352	76,352	-
Prior Year Encumbrances Appropriated	<u>1,040</u>	<u>1,040</u>	<u>1,040</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 165,744</u></u>	<u><u>\$ 60,503</u></u>	<u><u>\$ 130,605</u></u>	<u><u>\$ 70,102</u></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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$ -	\$ 31,000	\$ 81,368	\$ 50,368
Intergovernmental	64,789	52,000	19,023	(32,977)
Other	-	1,000	41	(959)
<i>Total Receipts</i>	<u>64,789</u>	<u>84,000</u>	<u>100,432</u>	<u>16,432</u>
Disbursements				
Current:				
Transportation	<u>97,950</u>	<u>95,296</u>	<u>94,268</u>	<u>1,028</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(33,161)	(11,296)	6,164	17,460
Other Financing Sources				
Transfers In	<u>-</u>	<u>11,000</u>	<u>11,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(33,161)	(296)	17,164	17,460
<i>Fund Balance Beginning of Year</i>	13,250	13,250	13,250	-
<i>Prior Year Encumbrances Appropriated</i>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (18,911)</u>	<u>\$ 13,954</u>	<u>\$ 31,414</u>	<u>\$ 17,460</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 7,800	\$ 26,700	\$ 66,165	\$ 39,465
Interest	-	-	68	68
<i>Total Receipts</i>	7,800	26,700	66,233	39,533
Disbursements				
Current:				
Transportation	8,200	35,619	32,338	3,281
<i>Net Change in Fund Balance</i>	(400)	(8,919)	33,895	42,814
<i>Fund Balance Beginning of Year</i>	28,180	28,180	28,180	-
<i>Prior Year Encumbrances Appropriated</i>	420	420	420	-
<i>Fund Balance End of Year</i>	\$ 28,200	\$ 19,681	\$ 62,495	\$ 42,814

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$ -	\$ 118,000	\$ 162,737	\$ 44,737
Property and Other Local Taxes	56,611	56,611	74,662	18,051
Charges for Services	11,500	11,500	12,700	1,200
Fines, Licenses and Permits	85,000	64,781	77,514	12,733
Intergovernmental	6,900	6,900	6,722	(178)
Other	1,900	1,900	5,341	3,441
<i>Total Receipts</i>	<u>161,911</u>	<u>259,692</u>	<u>339,676</u>	<u>79,984</u>
Disbursements				
Current:				
General Government	1,102	1,102	3,063	(1,961)
Security of Persons and Property	169,801	191,401	186,574	4,827
Debt Service:				
Principal Retirement	10,700	11,060	11,060	-
Interest and Fiscal Charges	-	12,400	1,180	11,220
<i>Total Disbursements</i>	<u>181,603</u>	<u>215,963</u>	<u>201,877</u>	<u>14,086</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,692)</u>	<u>43,729</u>	<u>137,799</u>	<u>94,070</u>
Other Financing Sources				
Notes Issued	-	-	52,000	52,000
Transfers In	-	35,000	35,000	-
<i>Total Other Financing Sources</i>	<u>-</u>	<u>35,000</u>	<u>87,000</u>	<u>52,000</u>
<i>Net Change in Fund Balance</i>	(19,692)	78,729	224,799	146,070
<i>Fund Balance Beginning of Year</i>	<u>(170,275)</u>	<u>(170,275)</u>	<u>(170,275)</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (189,967)</u>	<u>\$ (91,546)</u>	<u>\$ 54,524</u>	<u>\$ 146,070</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Other	\$ 15,196	\$ 18,500	\$ 27,076	\$ 8,576
Disbursements				
Current:				
General Government	44,552	74,552	73,472	1,080
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,356)</u>	<u>(56,052)</u>	<u>(46,396)</u>	<u>9,656</u>
Other Financing Sources				
Transfers Out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(64,356)	(91,052)	(81,396)	9,656
<i>Fund Balance Beginning of Year Restated See Note 3</i>	<u>197,953</u>	<u>197,953</u>	<u>197,953</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 133,597</u>	<u>\$ 106,901</u>	<u>\$ 116,557</u>	<u>\$ 9,656</u>

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
As of December 31, 2007

	Business-Type Activities			
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 168,119	\$ 387,907	\$ 4,839	\$ 560,865
Net Assets				
Restricted for:				
Unrestricted	\$ 168,119	\$ 387,907	\$ 4,839	\$ 560,865

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
As of December 31, 2006

	Business-Type Activities			Total
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 46,912	\$ 372,676	\$ 4,839	\$ 424,427
Net Assets				
Restricted for:				
Unrestricted	\$ 46,912	\$ 372,676	\$ 4,839	\$ 424,427

See accompanying notes to the basic financial statements.

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

	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 209,744	\$ 382,302	\$ -	\$ 592,046
Grants	-	100,000	-	100,000
Miscellaneous	514	-	-	514
<i>Total Operating Receipts</i>	<u>210,258</u>	<u>482,302</u>	<u>-</u>	<u>692,560</u>
Operating Disbursements				
Personal Services	48,413	78,862	-	127,275
Contractual Services	55,284	74,566	-	129,850
Materials and Supplies	35,294	48,858	-	84,152
Debt Service Principal	2,902	83,844	-	86,746
Interest and Fiscal Charges	-	49,467	-	49,467
Capital Outlay	69,217	131,474	-	200,691
<i>Total Operating Disbursements</i>	<u>211,110</u>	<u>467,071</u>	<u>-</u>	<u>678,181</u>
<i>Operating Income (Loss)</i>	(852)	15,231	-	14,379
Non-Operating Receipts				
Municipal Income Tax	122,059	-	-	122,059
<i>Change in Net Assets</i>	121,207	15,231	-	136,438
<i>Fund Balances - Beginning of Year</i>	<u>46,912</u>	<u>372,676</u>	<u>4,839</u>	<u>424,427</u>
<i>Fund Balances - End of Year</i>	<u>\$ 168,119</u>	<u>\$ 387,907</u>	<u>\$ 4,839</u>	<u>\$ 560,865</u>

See accompanying notes to the basic financial statements.

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

	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 191,970	\$ 383,968	\$ -	\$ 575,938
Miscellaneous	67	25,000	-	25,067
<i>Total Operating Receipts</i>	<u>192,037</u>	<u>408,968</u>	<u>-</u>	<u>601,005</u>
Operating Disbursements				
Personal Services	41,884	75,817	-	117,701
Contractual Services	49,970	66,958	-	116,928
Materials and Supplies	23,467	26,871	-	50,338
Debt Service Principal	8,707	78,897	-	87,604
Interest and Fiscal Charges	-	53,757	-	53,757
Capital Outlay	19,560	90,548	-	110,108
<i>Total Operating Disbursements</i>	<u>143,588</u>	<u>392,848</u>	<u>-</u>	<u>536,436</u>
<i>Change in Net Assets</i>	48,449	16,120	-	64,569
<i>Fund Balances - Beginning of Year</i> <i>Restated - (see note 3)</i>	<u>(1,537)</u>	<u>356,556</u>	<u>4,839</u>	<u>359,858</u>
<i>Fund Balances - End of Year</i>	<u>\$ 46,912</u>	<u>\$ 372,676</u>	<u>\$ 4,839</u>	<u>\$ 424,427</u>

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
As of December 31, 2007

	<u>Agency Fund</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents in Segregated Accounts	<u>\$ 802</u>
Net Assets:	
Held for Others	<u>\$ 802</u>

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
As of December 31, 2006

	<u>Agency Fund</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents in Segregated Accounts	\$ 833
Net Assets:	
Held for Others	\$ 833

See accompanying notes to the basic financial statements.

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

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. 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 had 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 the entity nor is it 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 2.C, these financial statements are presented on the cash basis of accounting. This 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 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 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, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

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 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support 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 is self-financing on the 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 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 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.

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

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, Police Fund, Permissive MVL Fund, and Revolving Loan 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.

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.

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

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

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.

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

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

The other enterprise funds of the Village account for other services whose use is restricted to a particular purpose.

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.

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records 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 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 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.

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."

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

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 2007 was \$9,148 which includes \$7,626 assigned from other Village funds. Interest receipts credited to the General Fund during 2006 was \$3,331 which includes \$2,804 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 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

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 maintenance of streets and State highways within the Village and drug enforcement.

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 \$584,978 of restricted net assets in 2007 and \$275,284 of restricted net assets in 2006, 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.

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

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. Subsidies 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 non-operating receipts/disbursements in proprietary funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities and within business type activities are eliminated.

Note 3 – Change in Accounting Principles and Restatement of Prior Year Net Assets

During 2007, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 48 “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivable or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of the statement did not result in and change to the financial statements.

During the year, fund balance adjustments were made for the Village not recording manually issued checks, voided warrants, warrants never cash by vendors, and checks returned for insufficient funds. These adjustments resulted in the following changes to net assets/fund balances at December 31, 2005:

	Governmental Activities	Business -Type Activities
Net Assets, December 31, 2005	\$ 151,924	\$ 360,519
Voided/Returned Warrants	67	\$ (661)
Charges not Recorded	(1,000)	-
Net Assets, December 31, 2005 Restated	\$ 150,991	\$ 359,858

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 3 – Changes in Accounting Principles and restatement of Prior Year Net Assets (continued)

	<u>General</u>	<u>Street Fund</u>	<u>Permissive MVL Fund</u>	<u>Police Fund</u>
Fund Balance/Net Assets, December 31, 2005	\$ 77,325	\$ 14,250	\$ 28,600	\$ (170,275)
Voided/Ruturned Warrants	67	-	-	-
Charges not Recorded	-	-	-	-
Fund Balance/Net Assets, December 31, 2005 As restated	<u>\$ 77,392</u>	<u>\$ 14,250</u>	<u>\$ 28,600</u>	<u>\$ (170,275)</u>

	<u>Revolving Loan Fund</u>	<u>Othe Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance/Net Assets, December 31, 2005	\$ 198,953	\$ 3,071	\$ 151,924
Voided/Ruturned Warrants	-	-	67
Charges not Recorded	(1,000)	-	(1,000)
Fund Balance/Net Assets, December 31, 2005 As restated	<u>\$ 197,953</u>	<u>\$ 3,071</u>	<u>\$ 150,991</u>

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Nonmajor Enterprise</u>	<u>Total Enterprise</u>
Fund Balance/Net Assets, December 31, 2005	\$ (1,361)	\$ 357,041	\$ 4,839	\$ 360,519
Voided/Returned Warrants	(176)	(485)	-	(661)
Fund Balance/Net Assets, December 31, 2005 As restated	<u>\$ (1,537)</u>	<u>\$ 356,556</u>	<u>\$ 4,839</u>	<u>\$ 359,858</u>

Note 4 – Compliance

The Village is currently in fiscal Emergency due in part to deficit balances in these funds. The Village has adopted a recovery plan to address these issues and this recovery plan has been approved by the Financial Planning and Supervision Commission.

	<u>2007</u>		
<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Special Revenue Funds:			
Street Fund			
Transportation	\$ 131,410	\$ 137,084	\$ (5,674)
Principal Retirement	-	42,310	(42,310)
Interest and Fiscal Charges	-	1,569	(1,569)
Permissive MVL Fund			
Transportation	23,370	62,626	(39,256)
Enterprise Funds:			
Water Fund			
Capital Outlay	65,000	69,217	(4,217)

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Compliance (Continued)

Fund	2006		Variance
	Appropriations	Expenditures	
Police Special Revenue Fund			
Tax Collection Fees	\$ 1,102	\$ 3,063	\$ (1,961)
Enterprise Funds:			
Water Fund			
Personal Services	41,604	41,884	(280)
Principal Retirement	5,804	8,707	(2,903)
Sewer Fund			
Material and Supplies	48,627	66,958	(18,331)

Contrary to Ohio law the Village had appropriations in excess of estimated resources in the Street, Police and Water operating fund in 2006.

Contrary to Ohio law the Village had expenditures in excess of appropriations in the Street, Permissive MVL and Water operating Funds in 2007 and Police, Water operating and Sewer operating funds in 2006.

Note 5 – 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, Street, Police, Permissive MVL, and Revolving Loan Funds for 2007 and the General, Street, Police, Permissive MVL, and Revolving Loan Funds for 2006 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 cash basis is outstanding year end encumbrances which are treated as disbursements rather than as a reservation of fund balance. The encumbrances outstanding at year end (budgetary basis) for 2007 amount to \$2,089 for the General Fund, \$69 for the Street Fund, \$237 for the Permissive MVL Fund, and \$1,824 for the Police Fund. The Police Fund also had unrecorded cash related to Mayor’s Court in the amounts of \$4,073 for 2007 and \$5,539 for 2006. The encumbrances outstanding at year end (budgetary basis) for 2006 amounted to \$1,512 for the General Fund, \$38 for the Street Fund, \$76 for the Permissive MVL Fund, and \$123 for the Police Fund. The Police Fund also had unrecorded cash related to Mayor’s Court in the amounts of \$5,539 for 2006 and (\$5,223) for 2005.

Note 6 – 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.

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 - Deposits and Investments (continued)

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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.

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 - Deposits and Investments (continued)

Deposits

For Deposits, custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposits in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual amounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Village has no deposit policy for custodial risk beyond the requirements of State statute.

As of December 31, 2007 and 2006, the Village's bank balance of \$1,224,991 and \$840,331, respectively, were either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due 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 2007 became a lien on December 31, 2006, 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 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 12.5 percent of true value. 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 Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 – Property Taxes (continued)

The full tax rate for all Village operations for the year ended December 31, 2007, was \$7.00 per \$1,000 of assessed value. 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:

	<u>2007</u>	<u>2006</u>
Real Property:		
Agricultural/Residential	\$17,437,400	\$15,596,360
Commercial/Industrial	6,047,930	5,676,350
Tangible Personal Property:		
General	308,300	524,840
Public Utility	992,050	919,640
Total Property Taxes	\$24,785,680	\$22,717,190

Note 8 – 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 \$1,750,000 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.

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 9 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer 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 a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined 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 years ended December 31, 2007 and 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent and 9 percent, respectively of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.75 percent and 9 percent, respectively. The Village's contribution rate for pension benefits for 2007 and 2006 was 13.85 percent and 13.70 percent, respectively, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 17.17 percent and 16.93, respectively, of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$23,120, \$23,417, and \$33,053 respectively. The full amount has been contributed for 2007, 2006 and 2005.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent in 2007 and 11.75 percent in 2006 for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2007, 2006, and 2005 were \$2,008, \$2,501, and \$2,161. The full amount has been contributed for 2007, 2006, and 2005.

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

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. 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 percent and 13.7 percent, respectively of covered payroll (17.17 percent and 16.93 percent, respectively, for public safety and law enforcement); 5.00 percent for January Through June 2007 and 6.00 percent for July through December 2007 and 4.5 percent, of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 5.0 percent annually for the next 8 years and 4.00 percent annually after 8 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 retirement board is also authorized to establish rules for the payment of a portion of health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$17,671, \$11,454, and \$9,757 respectively; 76.43 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of 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

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 - Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

The total police employer contribution rate is 19.5 percent of covered payroll, of which 6.75 and 7.75 percent of covered payroll was applied to the postemployment healthcare program during 2007 and 2006, respectively. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their healthcare coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$1,063 for the year ended December 31, 2007, \$1,649 for the year ended December 31, 2006, and \$859 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 52.94 percent has been contributed for 2007.

Note 11 - Debt

The Village's long-term debt activity for the years ended December 31, 2007 and 2006, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Amount Due Within One Year
<u>Business Type Activities</u>						
1989 OWDA Loan						
Original Issue (\$1,308,331)	8.07%	\$ 706,639	\$ -	\$ 66,270	\$ 640,369	\$ 71,619
2002 OPWC Loan						
Original Issue (\$351,449)	0.00%	281,199	-	17,574	263,625	17,575
2005 OPWC Loan						
Original Issue (\$116,096)	0.00%	107,389	-	2,902	104,487	5,805
Total Business-Type Activities						
Long-Term Obligations		<u>\$ 1,095,227</u>	<u>\$ -</u>	<u>\$ 86,746</u>	<u>\$ 1,008,481</u>	<u>\$ 94,999</u>

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 11 – Debt (continued)

<u>Governmental Activities</u>	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Amounts Due Within One Year
2006 Police Cruiser Loan (Original Issue \$52,000)	3.75%	\$ 40,940	\$ -	\$ 17,117	\$ 23,823	\$ 17,770
2007 Pike Hill Construction Original Issue (\$233,000)	3.75%	-	233,000	-	233,000	19,574
2007 Police Cruiser Loan Original Issue (\$34,000)	3.75%	-	34,000	-	34,000	10,922
2007 Land Purchase Original Issue (\$58,000)	2.92%	-	58,000	1,663	56,337	4,091
2007 Truck Loan Original Issue (\$42,310)	5.82%	-	42,310	42,310	-	-
Total Governmental Activities Long-Term Obligations		<u>\$ 40,940</u>	<u>\$ 367,310</u>	<u>\$ 61,090</u>	<u>\$ 347,160</u>	<u>\$ 52,357</u>

<u>Business Type Activities</u>	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Amount Due Within One Year
1989 OWDA Loan Original Issue (\$1,308,331)	8.07%	\$ 767,961	\$ -	\$ 61,322	\$ 706,639	\$ 71,619
2002 OPWC Loan Original Issue (\$351,449)	0.00%	298,774	-	17,575	281,199	17,575
2005 OPWC Loan Original Issue (\$116,096)	0.00%	116,096	-	8,707	107,389	5,805
Total Business-Type Activities Long-Term Obligations		<u>\$ 1,182,831</u>	<u>\$ -</u>	<u>\$ 87,604</u>	<u>\$ 1,095,227</u>	<u>\$ 94,999</u>

<u>Governmental Activities:</u>	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Amount Due Within One Year
2006 Police Curiser Loan Original Issue (\$52,000)	3.75%	\$ -	\$ 52,000	\$ 11,060	\$ 40,940	\$ 17,117
Total Governmental Activities Long-Term Obligatios		<u>\$ -</u>	<u>\$ 52,000</u>	<u>\$ 11,060</u>	<u>\$ 40,940</u>	<u>\$ 17,117</u>

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 11 – Debt (continued)

- The 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 2007 Pike Hill Construction loan relates to the replacement of Pike Hill Road. The loan will be repaid in monthly installments over 10 years.
- The 2007 Police Cruiser loan relates to the purchase of a new police cruiser. The loan will be repaid in annual installments over three years.
- The 2007 Truck loan was to be used for the purchase of a new truck. Subsequent to the delivery of the new truck, the Village decided to pay off the loan and pay cash for the new truck.
- The Village entered into a land installment contract for the purchase of property. The price of the contract is \$75,000. Upon signing of the agreement, \$17,000 was paid to the seller with the remaining balance to be repaid over the next 144 months. During 2007, the Village paid \$18,663.

In connection with the loan funds received from the Ohio Water Development Authority, the Village has pledged future customer revenues of the sewer fund, net of specified operating expenses to repay these loans. The loans are payable, through their final maturities, from the net revenues applicable to the sewer fund. Total principal and interest remaining on these loans is \$833,553.

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

Year	Business-Type Activities					
	Water OPWC Loans		Sewer OPWC Loans		Sewer OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 5,805	\$ -	\$ 17,575	\$ -	\$ 71,619	\$ 44,826
2009	5,805	-	17,575	-	77,398	39,812
2010	5,805	-	17,575	-	83,645	34,395
2011	5,805	-	17,575	-	90,395	28,539
2012	5,805	-	17,575	-	97,689	22,212
2013-2017	29,024	-	87,875	-	219,623	23,400
2018-2022	29,024	-	87,875	-	-	-
2023-2025	17,414	-	-	-	-	-
Totals	\$ 104,487	\$ -	\$ 263,625	\$ -	\$ 640,369	\$ 193,184

Village of Piketon
Pike County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 11 – Debt (continued)

Year	Governmental Activities					
	Police Cruisers		Pike Hill Project		Land Contract	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 28,692	\$ 1,901	\$ 19,574	\$ 8,403	\$ 4,091	\$ 1,909
2009	17,396	938	20,321	7,657	4,237	1,763
2010	11,735	454	21,096	6,881	4,387	1,613
2011	-	-	21,901	6,076	4,543	1,457
2012	-	-	22,736	5,241	4,705	1,295
2013-2017	-	-	127,372	12,512	26,156	3,843
2018	-	-	-	-	8,218	197
Total	\$ 57,823	\$ 3,293	\$ 233,000	\$ 46,770	\$ 56,337	\$ 12,077

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 an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$2,369,496 and an unvoted debt margin of \$1,130,212.

Note 12 – Contingent Liabilities

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.

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 13 – Going Concern/Fiscal Emergency

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

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

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

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

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Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed in Accordance With *Government Auditing Standards*

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 years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 31, 2008, wherein we noted the Village used a comprehensive basis of accounting other than generally accepted accounting principles, that the Village implemented GASB Statement No. 48, 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: 2007-001, 2007-002 and 2007-003.

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 August 31, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-004 and 2007-005.

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.
August 31, 2008

**VILLAGE OF PIKETON
PIKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

FINDING NUMBER 2007-001

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.

FINDING NUMBER 2007-002

Significant Control Deficiency

The small size of the Village's staff does not allow for an adequate segregation of duties. All accounting procedures for the Mayor's Court were performed by its Clerk and all accounting procedures in the Utility Department were performed by the Utility Clerk. It is, therefore, important that the Village Council monitor financial activity closely. By Council monitoring financial activity and budget to actual figures on a regular basis, fiscal problems could be prevented and informed decisions could be made.

The Village should consider segregation of accounting duties to the extent that it is practical in these departments and Council should be provided monthly financial reports including budget to actual reports and review them with due care.

Client Response:

The Village Administrator reviews the Utility Clerk's reports and verifies the amount being deposited. The Administrator initials the cash receipts journal and the Mayors Court Clerk initials the deposit ticket verifying that the amount of money being deposited agrees.

FINDING NUMBER 2007-003

Significant Control Deficiency

The Village had reclassifications and adjustments that were identified during the course of the audit. These errors and omissions were not prevented or detected by the Village's internal controls over financial reporting.

The Village should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported in accordance with the accounting basis utilized by the Village.

Client Response:

The Client chooses not to respond.

**VILLAGE OF PIKETON
PIKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

FINDING NUMBER 2007-004

Noncompliance Citation

Ohio Revised Code, section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources.

The Village had appropriations exceeding estimated resourced in the Street, Police and Water operating funds for 2006.

The Village should implement procedures that monitor appropriations throughout the year to ensure that appropriations are limited by their estimated resources.

Client Response:

Village Council and the Mayor receive financial information on a monthly basis. The Mayor, Clerk , Village Administrator and Police Chief regularly review finances, comparing estimated revenue with actual revenue and comparing estimated expenses with actual expenses.

FINDING NUMBER 2007-005

Noncompliance Citation

Ohio Revised Code, section 5705.41(B) states in part that no subdivision or taxing unit is to expend money unless it has been appropriated.

For the year ended December 31, 2007, expenditures exceeded appropriations in the Street fund, Permissive MVL fund and the Water fund. For the Year ended December 31, 2006 expenditures exceeded appropriations in the Police fund, Water Operating and Sewer Operating funds.

The Village should monitor actual expenditures to appropriations throughout the year and amend their appropriations as needed.

Client Response:

By monitoring actual receipts and expenditures and comparing these to estimated revenues and expenditures at the end of the third quarter we should be able to determine if an adjustment to the appropriations are needed and is so then the proper procedures will be followed. We will monitor expenditures to ensure we are within our estimates.

**VILLAGE OF PIKETON
PIKE COUNTY
DECEMBER 31, 2007 AND 2006**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	ORC Section 5705.41D Prior certification of available funds	Yes	
2005-002	ORC Section 5705.36(A)(2) Obtaining a reduced amended certificate.	Yes	
2005-003	ORC Section 5705.39 Appropriations limited by estimated resources	No	Reissued as Finding 2007-004
2005-004	ORC Section 5705.41(B) Expending unless it has been appropriated	No	Reissued as Finding 2007-005
2005-005	ORC Section 5705.10 Negative fund balance	Yes	
2005-006	Reportable Condition Maintaining a proper accounting system	Yes	
2005-007	Reportable Condition Segregation of duties	No	Reissued as Finding 2007-002



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 6, 2008**