



Certified Public Accountants, A.C.

**VILLAGE OF PIKETON
PIKE COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Piketon, Pike County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 1, 2018

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VILLAGE OF PIKETON
PIKE COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 29, 2018

Village of Piketon
Pike County
411 S. West Street
Piketon, OH 45661

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Village of Piketon**, Pike County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Piketon, Pike County, Ohio, as of December 31, 2017 and 2016, and the respective changes in the cash financial position and where applicable cash flows, and the respective budgetary comparisons for the General, Street, Permissive Motor Vehicle License and Police Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from the generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Village of Piketon
Pike County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

This discussion and analysis of the Village of Piketon's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2017, 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 2017 are as follows:

Net Position of governmental activities decreased by \$135,663 primarily due the Village not receiving an Extraordinary Item in 2017. The Net Position also decreased due to an increase in expenditures in security of persons and property and general government. Security of persons and property expenditures increase due to the Police Department moving from part time employees to full time employees. General Government expenditures increased mainly due to an increase in expenditures to a consulting group to assist the Village in the Nuclear Disposal Waste Dump fight.

The Village's general receipts are primarily municipal income taxes, loan proceeds, and property tax revenues. These receipts represent \$597,652, \$242,747, and \$95,702, respectively, of the total cash received for governmental activities during the year.

The Village's major business-type activities are water and sewer operations. Total business-type Net Position increased \$35,443 for the year.

Using the Basic Financial Statements

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

Report Components

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

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

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

Village of Piketon
Pike County
Management's Discussion and Analysis
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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 be asked about the Village is "How did we do financially during 2017?"

The statement of net position and the statement of activities reflect how the Village did financially during 2017, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

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

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

Reporting the Village's Most Significant Funds

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

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

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds: Water, Sewer, and Guaranteed Deposits.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village's only fiduciary fund is an agency fund that accounts for the portion of the Mayor's Court activity that does not stay within the Village.

Village of Piketon
Pike County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's Net Position for 2017 compared to 2016 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Assets						
Equity in Pooled Cash and Cash Equivalents	\$928,938	\$793,275	\$1,073,996	\$1,109,439	\$2,002,934	\$1,902,714
Net Position						
Restricted for:						
Transportation Services	\$440,591	\$389,849	\$0	\$0	\$440,591	\$389,849
Police Services	218,889	211,227	0	0	218,889	211,227
Unrestricted	269,986	192,199	1,073,996	1,109,439	1,343,454	1,301,638
Total Net Position	\$928,938	\$793,275	\$1,073,996	\$1,109,439	\$2,002,934	\$1,902,714

As mentioned previously, Net Position of governmental activities decreased \$135,663 during 2017. Net Position of Business-Type Activities increased \$35,443.

Table 2 reflects the changes in Net Position for 2017 and 2016.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Receipts:						
Program Receipts:						
Charges for Services	\$109,291	\$129,742	\$598,121	\$619,276	\$707,412	\$749,018
Operating Grants and Contributions	121,914	185,414	0	0	121,914	185,414
Total Program Receipts	\$231,205	\$315,156	\$598,121	\$619,276	\$829,326	\$934,432

(continued)

Village of Pikeston
Pike County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

(Table 2)
Changes in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
General Receipts:						
Property Taxes	\$62,647	\$95,702	\$0	\$0	\$62,647	\$95,702
Municipal Income Taxes	517,158	597,652	0	0	517,158	597,652
Other Local Taxes	38,562	36,478	0	0	38,562	36,478
Grants and Entitlements						
Not Restricted						
to Specific Programs	98,867	83,623	0	0	98,867	83,623
Loan Proceeds	270,442	242,747	80,221	71,874	350,663	314,621
Unrestricted Investment Earnings	1,156	1,260	76	0	1,232	1,260
Unrestricted Contributions						
and Donations	8,450	31,198	0	0	8,450	31,198
Miscellaneous	17,755	35,121	4,018	5,156	21,773	40,277
Extraordinary Item	155,000	0	0	0	155,000	0
<i>Total General Receipts and</i>						
<i> Extraordinary Item</i>	1,170,037	1,123,781	84,315	77,030	1,099,352	1,200,811
<i>Total Receipts</i>	1,401,242	1,438,937	682,436	696,306	2,083,678	2,135,243
Disbursements:						
General Government	178,242	302,273	0	0	178,242	302,273
Security of Persons						
and Property	337,390	477,931	0	0	337,390	477,931
Community Environment	9,895	11,269	0	0	9,895	11,269
Transportation	265,725	274,336	0	0	265,725	274,336
Capital Outlay	136,966	161,659	0	0	136,966	161,659
Principal Retirement	281,490	328,155	0	0	281,490	328,155
Interest and Fiscal Charges	8,991	18,977	0	0	8,991	18,977
Water	0	0	256,891	289,172	256,891	289,172
Sewer	0	0	310,453	371,691	310,453	371,691
<i>Total Disbursements</i>	1,218,699	1,574,600	567,344	660,863	1,786,043	2,235,463
Change in Net Position	182,543	(135,663)	115,092	35,443	297,635	(100,220)
<i>Net Position at Beginning of Year</i>	746,395	928,938	958,904	1,073,996	1,705,299	2,002,934
<i>Net Position at End of Year</i>	\$928,938	\$793,275	\$1,073,996	\$1,109,439	\$2,002,934	\$1,902,714

Governmental Activities

Governmental program receipts represent only \$315,156 of total receipts and are primarily comprised of restricted intergovernmental receipts such as grant monies, motor vehicle license and gas tax monies, building permits and inspection fees, and fines and forfeitures derived from police services.

General receipts of governmental activities represent \$1,123,781 of the Village's total receipts for 2017. During 2016, the Village received an Extraordinary Item from an insurance settlement from a lawsuit that was filed in association with the Pike Hill Street project. This did not occur in 2017. Municipal income taxes were \$597,652, which increased when compared to 2016. The increase is mainly due to receiving an increase in collection of prior year delinquencies during 2017. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Village of Piketon

Pike County

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

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

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

Disbursements for security of persons and property increased \$140,541 from the prior year due to the Police Department moving from part time employees to full time employees, which increased salary expenditures as well as expenditures to the Ohio Police and Fire pension system. Disbursements in general government also increased \$124,031 and is mostly related to an increase in expenditures to a consulting group to assist the Village in the Nuclear Disposal Waste Dump fight.

Business-Type Activities

The water and sewer operations of the Village are relatively small and routinely reports cash 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 they will be funded. The Village received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

Net Position of business-type activities increased \$35,443, which is insignificant.

In total, Charges for Services increased \$21,155, which is insignificant.

Disbursements for Sewer increased \$61,238. This is mainly related to the Village adjusting the allocation of the Sewer Department employee's salary to reflect a more accurate account.

The Village's Funds

Total governmental funds had receipts of \$1,438,937 and disbursements of \$1,574,600.

The General Fund's balance decreased \$77,259, which is mostly related to an increase in expenditures to a consulting group to assist the Village in the Nuclear Disposal Waste Dump fight.

The Street Fund's balance decreased \$28,651 mainly due to the Village not receiving an extraordinary item in 2017 and the Village completely paying off the Pike Hill Construction Loan.

The Police Fund's balance decreased \$767, which is insignificant.

General Fund Budgeting Highlights

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

During 2017, the Village amended its General Fund budget as needed. Original and final budgeted receipts were \$270,102. The actual receipts increased \$171,913, when compared to the budgeted receipts. The increase is mainly due to receiving more municipal income taxes than originally anticipated.

Village of Piketon
Pike County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The original budgeted appropriations were \$540,899. The final budgeted appropriations were \$576,549 resulting in an increase over the original budget appropriations of \$35,650. The increase is primarily due to the Village changing the appropriations because expenditures were higher than originally anticipated. Actual disbursements were more than final budgeted appropriations by \$151,924, due primarily to underestimating principal retirement expenditures.

The Village's ending General Fund balance was \$226,799 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, 2017, the Village's outstanding enterprise debt was \$805,037 in OWDA and OPWC loans issued for improvements and expansion of the water and wastewater treatment plants. Outstanding governmental debt was \$540,849 for the loan issued for the Main Street Resurfacing Project, the administrative building loan, and Oliver Street property acquisition. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

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 Cheryl Overly, Clerk-Treasurer, Village of Piketon, P.O. Box 547, Piketon, Ohio 45661.

Village of Piketon, Pike County
Statement of Net Position - Cash Basis
 December 31, 2017

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 793,275	\$ 1,109,439	\$ 1,902,714
<i>Total Assets</i>	<u>\$ 793,275</u>	<u>\$ 1,109,439</u>	<u>\$ 1,902,714</u>
Net Position			
Restricted for:			
Transportation Services	\$ 389,849	-	\$ 389,849
Police Services	211,227	-	211,227
Unrestricted	192,199	1,109,439	1,301,638
<i>Total Net Position</i>	<u>\$ 793,275</u>	<u>\$ 1,109,439</u>	<u>\$ 1,902,714</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, 2017

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 302,273	\$ -	\$ 60,192	\$ (242,081)	\$ -	\$ (242,081)
Security of Persons and Property	477,931	112,677	35,038	(330,216)	-	(330,216)
Community Environment	11,269	17,065	-	5,796	-	5,796
Transportation	274,336	-	90,184	(184,152)	-	(184,152)
Capital Outlay	161,659	-	-	(161,659)	-	(161,659)
Debt Service:				-		
Principal Retirement	328,155	-	-	(328,155)	-	(328,155)
Interest and Fiscal Charges	18,977	-	-	(18,977)	-	(18,977)
<i>Total Governmental Activities</i>	<u>1,574,600</u>	<u>129,742</u>	<u>185,414</u>	<u>(1,259,444)</u>	<u>-</u>	<u>(1,259,444)</u>
Business Type Activity						
Water	289,172	250,238	-	-	(38,934)	(38,934)
Sewer	371,691	369,038	-	-	(2,653)	(2,653)
<i>Total Business-Type Activities</i>	<u>660,863</u>	<u>619,276</u>	<u>-</u>	<u>-</u>	<u>(41,587)</u>	<u>(41,587)</u>
Total	<u>\$ 2,235,463</u>	<u>\$ 749,018</u>	<u>\$ 185,414</u>	<u>\$ (1,259,444)</u>	<u>\$ (41,587)</u>	<u>\$ (1,301,031)</u>
General Receipts						
Property and Other Local Taxes Levied for:						
General Purposes				24,537	-	24,537
Security of Persons and Property				71,165	-	71,165
Municipal Income Taxes				597,652	-	597,652
Other Local Taxes				36,478	-	36,478
Grants and Entitlements not						
Restricted to Specific Programs				83,623		83,623
Loan Proceeds				242,747	71,874	314,621
Unrestricted Investment Earnings				1,260	-	1,260
Unrestricted Contributions and Donations				31,198	-	31,198
Miscellaneous				35,121	5,156	40,277
<i>Total General Receipts</i>				1,123,781	77,030	1,200,811
Change in Net Position				(135,663)	35,443	(100,220)
<i>Net Position Beginning of Year</i>				928,938	1,073,996	2,002,934
<i>Net Position End of Year</i>				<u>\$ 793,275</u>	<u>\$ 1,109,439</u>	<u>\$ 1,902,714</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2017

	General	Street Fund	Police Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 192,199	\$ 363,610	\$ 211,227	\$ 26,239	\$ 793,275
<i>Total Assets</i>	<u>\$ 192,199</u>	<u>\$ 363,610</u>	<u>\$ 211,227</u>	<u>\$ 26,239</u>	<u>\$ 793,275</u>
Fund Balances					
Restricted	-	363,610	211,227	26,239	601,076
Committed	39,049	-	-	-	39,049
Assigned	153,150	-	-	-	153,150
<i>Total Fund Balances</i>	<u>\$ 192,199</u>	<u>\$ 363,610</u>	<u>\$ 211,227</u>	<u>\$ 26,239</u>	<u>\$ 793,275</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2017

	General	Street Fund	Police Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 188,737	\$ 186,376	\$ 222,539	\$ -	\$ 597,652
Property and Other Local Taxes	24,537	-	71,165	-	95,702
Other Local Taxes	36,478	-	-	-	36,478
Charges for Services	-	-	33,280	-	33,280
Fines, Licenses and Permits	17,065	-	79,397	-	96,462
Intergovernmental	143,815	78,324	35,038	11,860	269,037
Interest	1,260	-	-	-	1,260
Contributions and Donations	10,948	20,000	250	-	31,198
Miscellaneous	20,225	-	14,896	-	35,121
<i>Total Receipts</i>	<u>443,065</u>	<u>284,700</u>	<u>456,565</u>	<u>11,860</u>	<u>1,196,190</u>
Disbursements					
Current:					
General Government	302,273	-	-	-	302,273
Security of Persons and Property	20,599	-	457,332	-	477,931
Community Environment	11,269	-	-	-	11,269
Transportation	94,978	138,512	-	40,846	274,336
Capital Outlay	68,659	93,000	-	-	161,659
Debt Service:					
Principal Retirement	218,828	109,327	-	-	328,155
Interest and Fiscal Charges	10,528	8,449	-	-	18,977
<i>Total Disbursements</i>	<u>727,134</u>	<u>349,288</u>	<u>457,332</u>	<u>40,846</u>	<u>1,574,600</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(284,069)</u>	<u>(64,588)</u>	<u>(767)</u>	<u>(28,986)</u>	<u>(378,410)</u>
Other Financing Sources					
Loan Proceeds	206,810	35,937	-	-	242,747
<i>Total Other Financing Sources</i>	<u>206,810</u>	<u>35,937</u>	<u>-</u>	<u>-</u>	<u>242,747</u>
<i>Net Change in Fund Balances</i>	<u>(77,259)</u>	<u>(28,651)</u>	<u>(767)</u>	<u>(28,986)</u>	<u>(135,663)</u>
<i>Fund Balances Beginning of Year</i>	<u>269,458</u>	<u>392,261</u>	<u>211,994</u>	<u>55,225</u>	<u>928,938</u>
<i>Fund Balances End of Year</i>	<u>\$ 192,199</u>	<u>\$ 363,610</u>	<u>\$ 211,227</u>	<u>\$ 26,239</u>	<u>\$ 793,275</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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$ 87,044	\$ 87,044	\$ 188,737	\$ 101,693
Property and Other Local Taxes	1,722	1,722	24,537	22,815
Other Local Taxes	28,055	28,055	36,478	8,423
Fines, Licenses and Permits	8,148	8,148	17,065	8,917
Intergovernmental	129,791	129,791	143,815	14,024
Interest	856	856	1,260	404
Contributions and Donations	-	-	10,948	10,948
Miscellaneous	14,486	14,486	19,175	4,689
<i>Total Receipts</i>	<u>270,102</u>	<u>270,102</u>	<u>442,015</u>	<u>171,913</u>
Disbursements				
Current:				
General Government	232,445	322,815	303,174	19,641
Security of Persons and Property	30,000	30,000	20,599	9,401
Community Environment	11,651	12,451	11,334	1,117
Transportation	114,803	110,803	95,351	15,452
Capital Outlay	123,500	71,980	68,659	3,321
Debt Service:				
Principal Retirement	20,000	20,000	218,828	(198,828)
Interest and Fiscal Charges	8,500	8,500	10,528	(2,028)
<i>Total Disbursements</i>	<u>540,899</u>	<u>576,549</u>	<u>728,473</u>	<u>(151,924)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(270,797)</u>	<u>(306,447)</u>	<u>(286,458)</u>	<u>19,989</u>
Other Financing Sources				
Loan Proceeds	-	-	206,810	206,810
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>206,810</u>	<u>206,810</u>
<i>Net Change in Fund Balance</i>	<u>(270,797)</u>	<u>(306,447)</u>	<u>(79,648)</u>	<u>226,799</u>
<i>Fund Balance Beginning of Year</i>	223,982	223,982	223,982	-
Prior Year Encumbrances Appropriated	<u>9,139</u>	<u>9,139</u>	<u>9,139</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (37,676)</u>	<u>\$ (73,326)</u>	<u>\$ 153,473</u>	<u>\$ 226,799</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Municipal Income Taxes	\$ 190,000	\$ 190,000	\$ 186,376	\$ (3,624)
Intergovernmental	32,000	32,000	78,324	46,324
Contributions and Donations	-	-	20,000	20,000
Miscellaneous	2,200	2,200	-	(2,200)
<i>Total Receipts</i>	<u>224,200</u>	<u>224,200</u>	<u>284,700</u>	<u>60,500</u>
Disbursements				
Current:				
Transportation	140,118	155,618	139,065	16,553
Capital Outlay	120,000	120,000	93,000	27,000
Debt Service:				
Principal Retirement	43,000	43,000	109,327	(66,327)
Interest and Fiscal Charges	4,500	4,500	8,449	(3,949)
<i>Total Disbursements</i>	<u>307,618</u>	<u>323,118</u>	<u>349,841</u>	<u>(26,723)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(83,418)</u>	<u>(98,918)</u>	<u>(65,141)</u>	<u>33,777</u>
Other Financing Sources				
Loan Proceeds	-	-	35,937	35,937
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>35,937</u>	<u>35,937</u>
<i>Net Change in Fund Balance</i>	(83,418)	(98,918)	(29,204)	69,714
<i>Fund Balance Beginning of Year</i>	382,398	382,398	382,398	-
Prior Year Encumbrances Appropriated	2,118	2,118	2,118	-
<i>Fund Balance End of Year</i>	<u>\$ 301,098</u>	<u>\$ 285,598</u>	<u>\$ 355,312</u>	<u>\$ 69,714</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Final Budget Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$ 160,000	\$ 135,000	\$ 222,539	\$ 87,539
Property and Other Local Taxes	30,416	30,416	71,165	40,749
Charges for Services	-	-	33,280	33,280
Fines, Licenses and Permits	70,000	95,000	82,284	(12,716)
Intergovernmental	3,000	3,000	35,038	32,038
Miscellaneous	-	-	250	250
			14,896	
<i>Total Receipts</i>	<u>263,416</u>	<u>263,416</u>	<u>459,452</u>	<u>181,140</u>
Disbursements				
Current:				-
Security of Persons and Property	367,382	480,382	461,453	18,929
Capital Outlay	10,000	4,000	-	4,000
<i>Total Disbursements</i>	<u>377,382</u>	<u>484,382</u>	<u>461,453</u>	<u>22,929</u>
<i>Net Change in Fund Balance</i>	<u>(113,966)</u>	<u>(220,966)</u>	<u>(2,001)</u>	<u>(218,965)</u>
<i>Fund Balance Beginning of Year</i>	193,681	193,681	193,681	-
Prior Year Encumbrances Appropriated	<u>10,882</u>	<u>10,882</u>	<u>10,882</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 90,597</u>	<u>\$ (16,403)</u>	<u>\$ 202,562</u>	<u>\$ 218,965</u>

Village of Piketon, Pike County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2017

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Nonmajor Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 192,046	\$ 912,554	\$ 4,839	\$ 1,109,439
<i>Total Assets</i>	<u>192,046</u>	<u>912,554</u>	<u>4,839</u>	<u>1,109,439</u>
Net Position				
Unrestricted	192,046	912,554	4,839	1,109,439
<i>Total Net Position</i>	<u>\$ 192,046</u>	<u>\$ 912,554</u>	<u>\$ 4,839</u>	<u>\$ 1,109,439</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
*Statement of Receipts,
Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2017*

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Nonmajor Fund	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 250,238	\$ 369,038	\$ -	\$ 619,276
Other	3,719	1,437	-	5,156
<i>Total Operating Receipts</i>	<u>253,957</u>	<u>370,475</u>	<u>-</u>	<u>624,432</u>
Operating Disbursements				
Personal Services	118,915	180,123	-	299,038
Contractual Services	59,597	70,745	-	130,342
Materials and Supplies	38,939	62,473	-	101,412
Debt Service Principal	64,156	57,950	-	122,106
Interest and Fiscal Charges	6,571	400	-	6,971
Capital Outlay	994	-	-	994
<i>Total Operating Disbursements</i>	<u>289,172</u>	<u>371,691</u>	<u>-</u>	<u>660,863</u>
<i>Operating Income (Loss)</i>	<u>(35,215)</u>	<u>(1,216)</u>	<u>-</u>	<u>(36,431)</u>
Non-Operating Receipts				
Proceeds of Loans	35,937	35,937	-	71,874
<i>Total Non-Operating Receipts</i>	<u>35,937</u>	<u>35,937</u>	<u>-</u>	<u>71,874</u>
<i>Change in Net Position</i>	722	34,721	-	35,443
<i>Net Position Beginning of Year</i>	<u>191,324</u>	<u>877,833</u>	<u>4,839</u>	<u>1,073,996</u>
<i>Net Position End of Year</i>	<u>\$ 192,046</u>	<u>\$ 912,554</u>	<u>\$ 4,839</u>	<u>\$ 1,109,439</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
Statement of Fiduciary Assets and Liabilities - Cash Basis
Fiduciary Funds
December 31, 2017

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 652
<i>Total Assets</i>	<u>\$ 652</u>
Liabilities	
Undistributed Monies	\$ 652
<i>Total Liabilities</i>	<u>\$ 652</u>

See accompanying notes to the basic financial statements

Village of Piketon
Pike County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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.

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.

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. 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 the amount to the Village. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. The Village has no component units.

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Village of Piketon
Pike County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Basis of Presentation

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

Fund Financial Statements

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

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

Fund Accounting

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

Village of Piketon

Pike County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

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 following:

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

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

Police Fund - The Police Fund is used to account for and report a property tax levy, as well as income tax monies committed by the Village, to provide police services.

The nonmajor governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

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

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

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

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

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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. Any such modifications made by the Village are described in the appropriate section in this note.

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.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

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

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

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations 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.

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".

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 2017 was \$1,260, which includes \$952 assigned from other Village funds.

Village of Piketon
Pike County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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.

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.

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.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9 the employer contributions include portions for pension benefits and for post-retirement health care benefits.

Long-Term Obligations

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

Net Position

Net Position 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 Position restricted for other purposes include resources restricted for the 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 Position are available.

Fund Balance

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Village of Piketon
Pike County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Restricted

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource provides, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by Village Charter or ordinance. State Statute authorizes the Village Clerk to assign fund balance for purchases on order provided amounts have been lawfully appropriated. The Village Clerk assigned fund balance to cover a gap between estimated revenues and appropriations in the 2018 appropriated budget.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund, the Street, and Police major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances which are treated as expenditures (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenues funds under GASB Statement No. 54 and were reported with the General Fund.

	General Fund	Street Fund	Police Fund
Cash Basis	(\$77,259)	(\$28,651)	(\$767)
Encumbrances	(1,339)	(553)	(4,121)
Revenues	0	0	6,583
Excess of revenues, and other financing sources under expenditures and other financing uses:			
Revolving Fund	(1,050)	0	0
Mayor's Court Fund	0	0	(3,696)
Budget Basis	(\$79,648)	(\$29,204)	(\$2,001)

Note 4 – Deposits and Investments

State statutes classify monies held by the Village into three categories.

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

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

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

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

Village of Piketon
Pike County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$3,696 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

As of December 31, 2017, the Village's bank balance of \$1,923,670 was either covered by FDIC or collateralized by a letter of credit with FHLB Cincinnati financial institution.

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

Note 5 – Income Taxes

The Village levies a 1.0 percent income tax whose proceeds can be used for general municipal operations, the purchasing or maintenance of equipment, or the acquisition, construction, repairs and/or maintenance of streets or other permanent improvements. For 2017, income tax receipts were recorded in the General, Street, and Police Funds. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the Village. Real property tax receipts received in 2017 for real and public utility property taxes represent the collection of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018 operations.

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 tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2017, was \$5.00 per \$1,000 of assessed value. The assessed values of real property and tangible personal property upon which 2017 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property:	
Agricultural/Residential	\$19,965,920
Commercial/Industrial	8,183,160
Tangible Personal Property:	
Public Utility	1,245,650
Total Property Taxes	<u><u>\$29,394,730</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

Note 7 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

Workers' Compensation coverage is provided by CompManagement, Inc. The Village pays CompManagement Inc. a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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 coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015 and 2016 (the latest information available).

	<u>2015</u>	<u>2016</u>
Assets	\$38,307,677	\$42,182,281
Liabilities	<u>(12,759,127)</u>	<u>(13,396,700)</u>
Net Position	<u>\$25,548,550</u>	<u>\$28,785,581</u>

At December 31, 2015 and 2016, respectively, the liabilities above include approximately \$11.5 million and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.0 and \$11.5 million of unpaid claims to be billed. The Pool's membership increased from 499 members in 2015 to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government's share of these unpaid claims collectible in future years is approximately \$21,610.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**Village of Piketon
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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

<u>Contributions to PEP</u>	
<u>2015</u>	<u>2016</u>
\$33,502	\$34,302

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of Piketon
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$63,524 for year 2017.

Village of Piketon
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Village full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**Village of Piketon
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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

	Police
2017 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2017 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OPF was \$39,862 for 2017.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance. (The latest information available.)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS’ CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Village of Piketon
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Village’s contributions allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$4,886, \$12,831, and \$10,532, respectively. The full amount has been contributed for all three years.

Ohio Police and Fire Pension Fund

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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

Village of Piketon
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Village has no firefighters who are members of OPF; therefore, OPF covers police personnel only.

The Village's contribution to OPF for the years ended December 31, 2017, 2016, and 2015 were \$1,049, \$0, and \$829, respectively, was allocated to the healthcare plan. The full amount has been contributed for all three years. The Village has no firefighters.

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2017, was as shown on next page:

Village of Piketon
Pike County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

	Principal Outstanding 12/31/16	Additions	Deductions	Principal Outstanding 12/31/17	Amounts Due Within One Year
<u>Business-Type Activities:</u>					
2002 OPWC Loan 0%					
Original Issue (\$351,499)	\$105,451	\$0	\$17,575	\$87,876	\$17,575
2005 OPWC Loan 0%					
Original Issue (\$116,096)	52,247	0	5,804	46,443	5,804
2010 OPWC Loan 0%					
Original Issue (\$27,152)	16,968	0	1,358	15,610	1,358
2012 OWDA Loan 2.0%					
Original Issue (\$383,206)	291,335	0	8,432	282,903	8,601
2012 OPWC Loan 0%					
Original Issue (\$340,000)	311,665	0	11,334	300,331	11,334
2014 Oliver Street Property Acquisition 3.5% Original Issue (\$170,000)	77,603	71,874	77,603	71,874	71,874
Total Business-Type Activities Long-Term Obligations	855,269	71,874	122,106	805,037	116,546
<u>Governmental Activities:</u>					
2007 Pike Hill Construction Loan 3.75% Original Issue (\$233,000)	54,309	0	54,309	0	0
2010 Administrative Building Loan Original Issue (\$232,005)	178,437	170,873	181,600	167,710	167,710
2013 OPWC Loan 0%					
Original Issue (\$210,000)	173,248	0	10,500	162,748	10,500
2014 Oliver Street Property Acquisition Loan 3.5% Original Issue (\$170,000)	74,456	71,874	74,456	71,874	71,874
2015 OPWC Loan 0%					
Original Issue (\$145,807)	145,807	0	7,290	138,517	7,290
Total Governmental Activities Long-Term Obligations	626,257	242,747	328,155	540,849	257,374
Total Long-Term Obligations	\$1,481,526	\$314,621	\$450,261	\$1,345,886	\$373,920

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 2010 Ohio Public Works Commission (OPWC) Loan relates to the water and wastewater treatment plant upgrades. The loan will be repaid in semiannual installments over 20 years.

The 2012 Ohio Water Development Authority (OWDA) Loan relates to a water tank replacement project. The loan will be paid in semiannual installments over 30 years.

**Village of Piketon
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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

The 2012 Ohio Public Works Commission (OPWC) Loan relates to the water and wastewater treatment plant upgrades. The loan will be repaid in semiannual installments over 30 years.

In 2014, the Village entered into a Loan to purchase property on Oliver Street. The loan will be repaid in annual payments for 15 years. The loan is split between the General Fund, Street Fund, Water Operating Fund, and Sewer Operating Funds.

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. This loan was completely paid off in 2017.

The 2010 Administrative Building Loan relates to the purchase of the administration building and the retirement of the Land Installment Contract. The loan will be repaid in monthly installments over 20 years.

In 2013 the Village started a Main Street Resurfacing project with OPWC, which will be repaid in bi-annual payments over 20 years.

In 2015, the Village started a West Avenue Street Improvement project with OPWC, which will be repaid in bi-annual payments over 20 years.

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

<i>Year</i>	<i>Business-Type Activities</i>					
	<i>Sewer OPWC Loans</i>	<i>Water OPWC Loans</i>	<i>Oliver Street</i>		<i>Water OWDA Loan</i>	
	<u><i>Principal</i></u>	<u><i>Principal</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>
2018	\$17,575	\$18,496	\$71,874	\$2,515	\$8,601	\$5,615
2019	17,575	18,496	0	0	8,774	5,442
2020	17,575	18,496	0	0	8,951	5,266
2021	17,575	18,496	0	0	9,131	5,086
2022	17,576	18,496	0	0	9,313	4,903
2023-2027	0	80,883	0	0	49,455	21,626
2028-2032	0	58,700	0	0	54,631	16,456
2033-2037	0	56,670	0	0	60,348	10,739
2038-2042	0	56,670	0	0	66,660	4,423
2043-2044	0	16,981	0	0	7,039	70
Totals	<u>\$87,876</u>	<u>\$362,384</u>	<u>\$71,874</u>	<u>\$2,515</u>	<u>\$282,903</u>	<u>\$79,626</u>

**Village of Piketon
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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

<i>Year</i>	<i>Governmental Activities</i>				
	<i>Administrative Building</i>		<i>OPWC Loans</i>	<i>Oliver Street</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
2018	\$167,710	\$5,031	\$17,790	\$71,874	\$2,515
2019	0	0	17,790	0	0
2020	0	0	17,790	0	0
2021	0	0	17,790	0	0
2022	0	0	17,790	0	0
2023-2027	0	0	88,950	0	0
2028-2032	0	0	88,950	0	0
2033	0	0	34,415	0	0
Totals	\$167,710	\$5,031	\$301,265	\$71,874	\$2,515

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amounts equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2017, were an overall debt margin of \$2,545,598 and an unvoted debt margin of \$1,075,861.

Note 11 – Shared Risk Pool

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability and public officials’ liability. PEP has no employees, rather it is administrated through contracts with various professionals. Pursuant to a contract, the firm Accordia of Ohio administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Crawford and Company. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as council to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The Village makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio 45402.

Note 12 – Contingent Liabilities

Litigation

The Village is not party to any legal proceedings.

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.

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

Note 13 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund Balances	General	Street Fund	Police Fund	Nonmajor Governmental Funds	Total
<u>Restricted for:</u>					
Transportation Services	\$0	\$363,610	\$0	\$19,344	\$382,954
Police Services	0	0	211,227	6,895	218,122
<i>Total Restricted</i>	<u>0</u>	<u>363,610</u>	<u>211,227</u>	<u>26,239</u>	<u>601,076</u>
<u>Committed to:</u>					
Revolving Loans	39,049	0	0	0	39,049
<u>Assigned to:</u>					
Purchases On Order	1,339	0	0	0	1,339
Future Appropriations	151,811	0	0	0	151,811
<i>Total Assigned</i>	<u>153,150</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>153,150</u>
 Total Fund Balances	 <u>\$192,199</u>	 <u>\$363,610</u>	 <u>\$211,227</u>	 <u>\$26,239</u>	 <u>\$793,275</u>

Note 14 – Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The Police Fund had unrecorded cash related to the Mayor’s Court in the amount of \$3,696 for 2017. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$1,339
Street Fund	553
Police Fund	4,121
Water Operating	471
Sewer Operating	14,796
Total	<u>\$21,280</u>

Village of Piketon
Pike County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

This discussion and analysis of the Village of Piketon's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2016, 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 2016 are as follows:

Net Position of governmental activities increased by \$182,543.

The Village's general receipts are primarily municipal income taxes, loan proceeds, extraordinary item, and unrestricted State shared revenues. These receipts represent \$517,158, \$270,442, \$155,000, and \$98,867, respectively, of the total cash received for governmental activities during the year.

The Village's major business-type activities are water and sewer operations. Net Position for water increased \$115,092 for the year.

Using the Basic Financial Statements

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

Report Components

The statement of net position 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 be asked about the Village is "How did we do financially during 2016?"

The statement of net position and the statement of activities reflect how the Village did financially during 2016, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

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

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

Reporting the Village's Most Significant Funds

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

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

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds: Water, Sewer, and Guaranteed Deposits.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village's only fiduciary fund is an agency fund that accounts for the portion of the Mayor's Court activity that does not stay within the Village.

Village of Piketon
Pike County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's Net Position for 2016 compared to 2015 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Assets						
Equity in Pooled Cash and Cash Equivalents	\$746,395	\$928,938	\$958,904	\$1,073,996	\$1,705,299	\$2,002,934
Net Position						
Restricted for:						
Transportation Services	\$266,898	\$440,591	\$0	\$0	\$266,898	\$440,591
Police Services	192,511	218,889	0	0	192,511	218,889
Unrestricted	286,986	269,458	958,904	1,073,996	1,245,890	1,343,454
Total Net Position	\$746,395	\$928,938	\$958,904	\$1,073,996	\$1,705,299	\$2,002,934

As mentioned previously, Net Position of governmental activities increased \$182,543 during 2016. Net Position of Business-Type Activities increased \$115,092.

Table 2 reflects the changes in Net Position for 2016 and 2015.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Receipts:						
Program Receipts:						
Charges for Services	\$79,995	\$109,291	\$584,076	\$598,121	\$664,071	\$707,412
Operating Grants and Contributions	95,445	121,914	0	0	95,445	121,914
Capital Grants	133,297	0	0	0	133,297	0
Total Program Receipts	\$308,737	\$231,205	\$584,076	\$598,121	\$892,813	\$829,326

(continued)

Village of Piketon
Pike County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

(Table 2)
Changes in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
General Receipts:						
Property Taxes	\$104,875	\$62,647	\$0	\$0	\$104,875	\$62,647
Municipal Income Taxes	507,452	517,158	0	0	507,452	517,158
Other Local Taxes	39,423	38,562	0	0	39,423	38,562
Grants and Entitlements						
Not Restricted						
to Specific Programs	80,609	98,867	0	0	80,609	98,867
Loan Proceeds	457,468	270,442	80,750	80,221	538,218	350,663
Unrestricted Investment Earnings	845	1,156	300	76	1,145	1,232
Unrestricted Contributions						
and Donations	10,051	8,450	0	0	10,051	8,450
Miscellaneous	17,694	17,755	1,929	4,018	19,623	21,773
Extraordinary Item	0	155,000	0	0	0	155,000
<i>Total General Receipts and Extraordinary Item</i>	<u>1,218,417</u>	<u>1,170,037</u>	<u>82,979</u>	<u>84,315</u>	<u>1,301,396</u>	<u>1,099,352</u>
<i>Total Receipts</i>	<u>1,527,154</u>	<u>1,401,242</u>	<u>667,055</u>	<u>682,436</u>	<u>2,194,209</u>	<u>2,083,678</u>
Disbursements:						
General Government	229,385	178,242	0	0	229,385	178,242
Security of Persons						
and Property	292,465	337,390	0	0	292,465	337,390
Community Environment	9,791	9,895	0	0	9,791	9,895
Transportation	284,543	265,725	0	0	284,543	265,725
Capital Outlay	463,281	136,966	0	0	463,281	136,966
Principal Retirement	376,194	281,490	0	0	376,194	281,490
Interest and Fiscal Charges	13,683	8,991	0	0	13,683	8,991
Water	0	0	311,049	256,891	311,049	256,891
Sewer	0	0	334,667	310,453	334,667	310,453
<i>Total Disbursements</i>	<u>1,669,342</u>	<u>1,218,699</u>	<u>645,716</u>	<u>567,344</u>	<u>2,315,058</u>	<u>1,786,043</u>
Change in Net Position	(142,188)	182,543	21,339	115,092	(120,849)	297,635
<i>Net Position at Beginning of Year</i>	<u>888,583</u>	<u>746,395</u>	<u>937,565</u>	<u>958,904</u>	<u>1,826,148</u>	<u>1,705,299</u>
<i>Net Position at End of Year</i>	<u>\$746,395</u>	<u>\$928,938</u>	<u>\$958,904</u>	<u>\$1,073,996</u>	<u>\$1,705,299</u>	<u>\$2,002,934</u>

Governmental Activities

Governmental program receipts represent only \$231,205 of total receipts and are primarily comprised of restricted intergovernmental receipts such as grant monies, motor vehicle license and gas tax monies, building permits and inspection fees, and fines and forfeitures derived from police services. The decrease in Capital Grants was due to the Village receiving OPWC grant money in 2015 and not receiving any OPWC grant money in 2016.

Village of Piketon
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Management's Discussion and Analysis
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General receipts of governmental activities represent \$1,170,037 of the Village's total receipts for 2016. Loan proceeds were \$270,442, which decreased significantly when compared to 2015. The Village received OPWC loan proceeds for the West Avenue Improvement project in 2015; however, the Village did not receive any loan proceeds for any projects during 2016. The Extraordinary Item in 2016 is related to the Village receiving a significant litigation settlement. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

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

Disbursements for capital outlay decreased \$326,315 from the prior year due to a decrease in capital expenditures in the Street Fund. This is mostly related to the 2015 OPWC West Avenue Improvement project. Disbursements for principal retirement also decreased, by \$94,704 in result of lower principal payments.

Business-Type Activities

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

Net Position of business-type activities increased \$115,092 mainly due revenues exceeding expenses.

Charges for Services increased \$14,045, which is insignificant.

Disbursements for Water decreased \$54,158. This is related to a reduction in capital improvement expenses in 2016 when compared to 2015 because of the completion of the Water Tank replacement project.

The Village's Funds

Total governmental funds had receipts of \$1,401,242 and disbursements of \$1,218,699.

The General Fund's balance decreased \$17,528.

The Street Fund's balance increased \$217,865, which is related to a receiving a \$155,000 litigation settlement.

The Permissive MVL Fund's balance decreased \$45,355.

The Police Fund's balance increased \$26,378.

Village of Piketon
Pike County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

General Fund Budgeting Highlights

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

During 2016, the Village amended its General Fund budget as needed. Original budgeted receipts were \$294,280 and the final budgeted receipts were \$384,280. The Village anticipated receiving a reimbursable grant during 2016 that was not included in the original budget.

The original budgeted appropriations were \$435,101. There was no difference between original and final budgeted appropriations. Actual disbursements were more than final budgeted appropriations by \$203,214, due primarily to underestimating principal retirement and capital outlay expenditures.

The Village's ending General Fund balance was \$19,504 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, 2016, the Village's outstanding enterprise debt was \$855,269 in OWDA and OPWC loans issued for improvements and expansion of the water and wastewater treatment plants. Outstanding governmental debt was \$626,257 for the loan issued for the Main Street Resurfacing Project, Pike Hill Road project, the administrative building loan, and Oliver Street property acquisition. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

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 Cheryl Overly, Clerk-Treasurer, Village of Piketon, P.O. Box 547, Piketon, Ohio 45661.

Village of Piketon, Pike County
Statement of Net Position - Cash Basis
 December 31, 2016

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 928,938	\$ 1,073,996	\$ 2,002,934
<i>Total Assets</i>	<u>\$ 928,938</u>	<u>\$ 1,073,996</u>	<u>\$ 2,002,934</u>
Net Position			
Restricted for:			
Transportation Services	\$ 440,591	-	\$ 440,591
Police Services	218,889	-	218,889
Unrestricted	<u>269,458</u>	<u>1,073,996</u>	<u>1,343,454</u>
<i>Total Net Position</i>	<u>\$ 928,938</u>	<u>\$ 1,073,996</u>	<u>\$ 2,002,934</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, 2016

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 178,242	\$ -	\$ -	\$ (178,242)	\$ -	\$ (178,242)
Security of Persons and Property	337,390	88,610	43,803	(204,977)	-	(204,977)
Community Environment	9,895	20,681	-	10,786	-	10,786
Transportation	265,725	-	78,111	(187,614)	-	(187,614)
Capital Outlay	136,966	-	-	(136,966)	-	(136,966)
Debt Service:				-		
Principal Retirement	281,490	-	-	(281,490)	-	(281,490)
Interest and Fiscal Charges	8,991	-	-	(8,991)	-	(8,991)
<i>Total Governmental Activities</i>	<u>1,218,699</u>	<u>109,291</u>	<u>121,914</u>	<u>(987,494)</u>	<u>-</u>	<u>(987,494)</u>
Business Type Activity						
Water	256,891	231,613	-	-	(25,278)	(25,278)
Sewer	310,453	366,508	-	-	56,055	56,055
<i>Total Business-Type Activities</i>	<u>567,344</u>	<u>598,121</u>	<u>-</u>	<u>-</u>	<u>30,777</u>	<u>30,777</u>
Total	<u>\$ 1,786,043</u>	<u>\$ 707,412</u>	<u>\$ 121,914</u>	<u>\$ (987,494)</u>	<u>\$ 30,777</u>	<u>\$ (956,717)</u>
General Receipts						
Property and Other Local Taxes Levied for:						
General Purposes				20,885	-	20,885
Security of Persons and Property				41,762	-	41,762
Municipal Income Taxes				517,158	-	517,158
Other Local Taxes				38,562	-	38,562
Grants and Entitlements not						
Restricted to Specific Programs				98,867		98,867
Loan Proceeds				270,442	80,221	350,663
Unrestricted Investment Earnings				1,156	76	1,232
Unrestricted Contributions and Donations				8,450	-	8,450
Miscellaneous				17,755	4,018	21,773
Extraordinary Item				155,000	-	155,000
<i>Total General Receipts and Extraordinary Item</i>				<u>1,170,037</u>	<u>84,315</u>	<u>1,254,352</u>
Change in Net Position				182,543	115,092	297,635
<i>Net Position Beginning of Year</i>				<u>746,395</u>	<u>958,904</u>	<u>1,705,299</u>
<i>Net Position End of Year</i>				<u>\$ 928,938</u>	<u>\$ 1,073,996</u>	<u>\$ 2,002,934</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	General	Street Fund	Permissive MVL Fund	Police Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 269,458	\$ 392,261	\$ 34,130	\$ 211,994	\$ 21,095	\$ 928,938
<i>Total Assets</i>	<u>\$ 269,458</u>	<u>\$ 392,261</u>	<u>\$ 34,130</u>	<u>\$ 211,994</u>	<u>\$ 21,095</u>	<u>\$ 928,938</u>
Fund Balances						
Restricted	-	392,261	34,130	211,994	21,095	659,480
Committed	37,999	-	-	-	-	37,999
Assigned	270,297	-	-	-	-	270,297
Unassigned (Deficit)	(38,838)	-	-	-	-	(38,838)
<i>Total Fund Balances</i>	<u>\$ 269,458</u>	<u>\$ 392,261</u>	<u>\$ 34,130</u>	<u>\$ 211,994</u>	<u>\$ 21,095</u>	<u>\$ 928,938</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	General	Street Fund	Permissive Fund	Police Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$ 194,245	\$ 161,539	\$ -	\$ 161,374	\$ -	\$ 517,158
Property and Other Local Taxes	35,437	-	-	85,328	-	120,765
Other Local Taxes	38,562	-	-	-	-	38,562
Charges for Services	-	-	-	10,616	-	10,616
Fines, Licenses and Permits	20,681	-	-	77,994	-	98,675
Intergovernmental	84,315	53,029	21,518	237	3,564	162,663
Interest	1,142	-	8	-	6	1,156
Contributions and Donations	8,450	-	-	-	-	8,450
Miscellaneous	9,082	420	-	8,253	-	17,755
<i>Total Receipts</i>	<u>391,914</u>	<u>214,988</u>	<u>21,526</u>	<u>343,802</u>	<u>3,570</u>	<u>975,800</u>
Disbursements						
Current:						
General Government	178,242	-	-	-	-	178,242
Security of Persons and Property	27,509	-	-	309,881	-	337,390
Community Environment	9,895	-	-	-	-	9,895
Transportation	91,588	104,869	66,881	-	2,387	265,725
Capital Outlay	83,667	45,756	-	7,543	-	136,966
Debt Service:						
Principal Retirement	230,615	50,875	-	-	-	281,490
Interest and Fiscal Charges	7,660	1,331	-	-	-	8,991
<i>Total Disbursements</i>	<u>629,176</u>	<u>202,831</u>	<u>66,881</u>	<u>317,424</u>	<u>2,387</u>	<u>1,218,699</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(237,262)</u>	<u>12,157</u>	<u>(45,355)</u>	<u>26,378</u>	<u>1,183</u>	<u>(242,899)</u>
Other Financing Sources (Uses)						
Loan Proceeds	219,734	50,708	-	-	-	270,442
<i>Total Other Financing Sources (Uses)</i>	<u>219,734</u>	<u>50,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,442</u>
Extraordinary Item						
Litigation Settlement	-	155,000	-	-	-	155,000
<i>Net Change in Fund Balances</i>	<u>(17,528)</u>	<u>217,865</u>	<u>(45,355)</u>	<u>26,378</u>	<u>1,183</u>	<u>182,543</u>
<i>Fund Balances Beginning of Year</i>	<u>286,986</u>	<u>174,396</u>	<u>79,485</u>	<u>185,616</u>	<u>19,912</u>	<u>746,395</u>
<i>Fund Balances End of Year</i>	<u>\$ 269,458</u>	<u>\$ 392,261</u>	<u>\$ 34,130</u>	<u>\$ 211,994</u>	<u>\$ 21,095</u>	<u>\$ 928,938</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Municipal Income Taxes	\$ 136,500	\$ 136,500	\$ 194,245	\$ 57,745
Property and Other Local Taxes	8,026	8,026	35,437	27,411
Other Local Taxes	38,000	38,000	38,562	562
Fines, Licenses and Permits	-	-	20,681	20,681
Intergovernmental	90,554	180,554	84,315	(96,239)
Interest	1,200	1,200	1,142	(58)
Contributions and Donations	-	-	8,450	8,450
Miscellaneous	20,000	20,000	4,432	(15,568)
<i>Total Receipts</i>	<u>294,280</u>	<u>384,280</u>	<u>387,264</u>	<u>2,984</u>
Disbursements				
Current:				
General Government	220,938	220,938	184,477	36,461
Security of Persons and Property	30,000	30,000	27,509	2,491
Community Environment	10,582	10,582	9,996	586
Transportation	110,081	110,081	94,391	15,690
Capital Outlay	35,000	35,000	83,667	(48,667)
Debt Service:				
Principal Retirement	20,000	20,000	230,615	(210,615)
Interest and Fiscal Charges	8,500	8,500	7,660	840
<i>Total Disbursements</i>	<u>435,101</u>	<u>435,101</u>	<u>638,315</u>	<u>(203,214)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(140,821)</u>	<u>(50,821)</u>	<u>(251,051)</u>	<u>(200,230)</u>
Other Financing Sources				
Loan Proceeds	-	-	219,734	219,734
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>219,734</u>	<u>219,734</u>
<i>Net Change in Fund Balance</i>	(140,821)	(50,821)	(31,317)	19,504
<i>Fund Balance Beginning of Year</i>	252,736	252,736	252,736	-
Prior Year Encumbrances Appropriated	901	901	901	-
<i>Fund Balance End of Year</i>	<u>\$ 112,816</u>	<u>\$ 202,816</u>	<u>\$ 222,320</u>	<u>\$ 19,504</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Municipal Income Taxes	\$ 180,000	\$ 180,000	\$ 161,539	\$ (18,461)
Intergovernmental	30,900	30,900	53,029	22,129
Miscellaneous	1,030	1,030	420	(610)
<i>Total Receipts</i>	<u>211,930</u>	<u>211,930</u>	<u>214,988</u>	<u>3,058</u>
Disbursements				
Current:				
Transportation	113,097	113,097	106,987	6,110
Capital Outlay	120,000	120,000	45,756	74,244
Debt Service:				
Principal Retirement	43,000	43,000	50,875	(7,875)
Interest and Fiscal Charges	4,500	4,500	1,331	3,169
<i>Total Disbursements</i>	<u>280,597</u>	<u>280,597</u>	<u>204,949</u>	<u>75,648</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(68,667)</u>	<u>(68,667)</u>	<u>10,039</u>	<u>78,706</u>
Other Financing Sources				
Loan Proceeds	-	-	50,708	50,708
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>50,708</u>	<u>50,708</u>
Extraordinary Item				
Litigation Settlement	-	155,000	155,000	-
<i>Net Change in Fund Balance</i>	(68,667)	86,333	215,747	129,414
<i>Fund Balance Beginning of Year</i>	171,299	171,299	171,299	-
Prior Year Encumbrances Appropriated	3,097	3,097	3,097	-
<i>Fund Balance End of Year</i>	<u>\$ 105,729</u>	<u>\$ 260,729</u>	<u>\$ 390,143</u>	<u>\$ 129,414</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 11,886	\$ 11,886	\$ 21,518	\$ 9,632
Interest	20	20	8	(12)
<i>Total Receipts</i>	<u>11,906</u>	<u>11,906</u>	<u>21,526</u>	<u>9,620</u>
Disbursements				
Current:				
Transportation	42,195	42,195	69,533	(27,338)
Capital Outlay	10,000	10,000	-	10,000
<i>Total Disbursements</i>	<u>52,195</u>	<u>52,195</u>	<u>69,533</u>	<u>(17,338)</u>
<i>Net Change in Fund Balance</i>	(40,289)	(40,289)	(48,007)	(7,718)
<i>Fund Balance Beginning of Year</i>	79,290	79,290	79,290	-
Prior Year Encumbrances Appropriated	195	195	195	-
<i>Fund Balance End of Year</i>	<u>\$ 39,196</u>	<u>\$ 39,196</u>	<u>\$ 31,478</u>	<u>\$ (7,718)</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 Police Fund
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>			Final Budget Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$ 135,000	\$ 135,000	\$ 161,374	\$ 26,374
Property and Other Local Taxes	30,416	30,416	85,328	54,912
Charges for Services	-	-	10,616	10,616
Fines, Licenses and Permits	60,000	60,000	77,994	17,994
Intergovernmental	2,658	2,658	237	(2,421)
Miscellaneous	-	-	8,253	8,253
<i>Total Receipts</i>	<u>228,074</u>	<u>228,074</u>	<u>343,802</u>	<u>115,728</u>
Disbursements				
Security of Persons and Property	379,481	379,481	320,763	58,718
Capital Outlay	10,000	10,000	7,543	2,457
<i>Total Disbursements</i>	<u>389,481</u>	<u>389,481</u>	<u>328,306</u>	<u>61,175</u>
<i>Net Change in Fund Balance</i>	<u>(161,407)</u>	<u>(161,407)</u>	<u>15,496</u>	<u>(176,903)</u>
<i>Fund Balance Beginning of Year</i>	176,867	176,867	176,867	-
Prior Year Encumbrances Appropriated	481	481	481	-
<i>Fund Balance End of Year</i>	<u>\$ 15,941</u>	<u>\$ 15,941</u>	<u>\$ 192,844</u>	<u>\$ 176,903</u>

Village of Piketon, Pike County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2016

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Nonmajor Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 191,324	\$ 877,833	\$ 4,839	\$ 1,073,996
<i>Total Assets</i>	<u>191,324</u>	<u>877,833</u>	<u>4,839</u>	<u>1,073,996</u>
Net Position				
Unrestricted	191,324	877,833	4,839	1,073,996
<i>Total Net Position</i>	<u>\$ 191,324</u>	<u>\$ 877,833</u>	<u>\$ 4,839</u>	<u>\$ 1,073,996</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
*Statement of Receipts,
Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2016*

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Nonmajor Fund	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 231,613	\$ 366,508	\$ -	\$ 598,121
Interest	-	76	-	76
Other	571	3,447	-	4,018
<i>Total Operating Receipts</i>	<u>232,184</u>	<u>370,031</u>	<u>-</u>	<u>602,215</u>
Operating Disbursements				
Personal Services	94,525	125,663	-	220,188
Contractual Services	57,116	75,140	-	132,256
Materials and Supplies	42,430	48,367	-	90,797
Debt Service Principal	58,871	57,950	-	116,821
Interest and Fiscal Charges	1,331	-	-	1,331
Capital Outlay	2,618	3,333	-	5,951
<i>Total Operating Disbursements</i>	<u>256,891</u>	<u>310,453</u>	<u>-</u>	<u>567,344</u>
<i>Operating Income (Loss)</i>	<u>(24,707)</u>	<u>59,578</u>	<u>-</u>	<u>34,871</u>
Non-Operating Receipts				
Proceeds of Loans	39,846	40,375	-	80,221
<i>Total Non-Operating Receipts</i>	<u>39,846</u>	<u>40,375</u>	<u>-</u>	<u>80,221</u>
<i>Change in Net Position</i>	15,139	99,953	-	115,092
<i>Net Position Beginning of Year</i>	<u>176,185</u>	<u>777,880</u>	<u>4,839</u>	<u>958,904</u>
<i>Net Position End of Year</i>	<u>\$ 191,324</u>	<u>\$ 877,833</u>	<u>\$ 4,839</u>	<u>\$ 1,073,996</u>

See accompanying notes to the basic financial statements

Village of Piketon, Pike County
Statement of Fiduciary Assets and Liabilities - Cash Basis
Fiduciary Funds
December 31, 2016

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,006
<i>Total Assets</i>	<u>\$ 1,006</u>
Liabilities	
Undistributed Monies	\$ 1,006
<i>Total Liabilities</i>	<u>\$ 1,006</u>

See accompanying notes to the basic financial statements

Village of Piketon

Pike County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

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.

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.

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. 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 the amount to the Village. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. The Village has no component units.

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Village of Piketon

Pike County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

Basis of Presentation

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

Fund Financial Statements

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

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

Fund Accounting

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

Village of Piketon
Pike County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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 following:

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

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

Permissive MVL Fund - The Permissive MVL Fund is used to account for and report the Village's share of the motor vehicle license tax levied by the Village that is restricted for routine street maintenance and repairs.

Police Fund - The Police Fund is used to account for and report a property tax levy, as well as income tax monies committed by the Village, to provide police services.

The nonmajor governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

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

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

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

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

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

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

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.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

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

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

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations 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.

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".

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 2016 was \$1,142, which includes \$805 assigned from other Village funds.

Village of Piketon
Pike County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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.

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.

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.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

Long-Term Obligations

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

Net Position

Net Position 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 Position restricted for other purposes include resources restricted for the 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 Position are available.

Fund Balance

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Village of Piketon
Pike County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Restricted

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource provides, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by Village Charter or ordinance. State Statute authorizes the Village Clerk to assign fund balance for purchases on order provided amounts have been lawfully appropriated. The Village Clerk assigned fund balance to cover a gap between estimated revenues and appropriations in the 2017 appropriated budget.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

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

Extraordinary Item

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. During 2016, the Village received an insurance settlement from the lawsuit that was filed in association with the Pike Hill Street project. This amount is recorded as an extraordinary item.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund, the Street, Permissive MVL, and Police major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances which are treated as expenditures (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenues funds under GASB Statement No. 54 and were reported with the General Fund.

	General Fund	Street Fund	Permissive MVL Fund	Police Fund
Cash Basis	(\$17,528)	\$217,865	(\$45,355)	\$26,378
Encumbrances	(9,139)	(2,118)	(2,652)	(10,882)
Revenues	0	0	0	0
Excess of revenues, and other financing sources under expenditures and other financing uses:				
Revolving Fund	(4,650)	0	0	0
Mayor's Court Fund	0	0	0	0
Budget Basis	(\$31,317)	\$215,747	(\$48,007)	\$15,496

Note 4 – Deposits and Investments

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

Active deposits 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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds or other obligations of the State of Ohio, and with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAROhio).
7. Certain bankers; acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the treasure or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Village of Piketon

Pike County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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 percent 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, 2016, the Village's bank balance of \$2,097,762 was either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above.

Note 5 – Income Taxes

The Village levies a 1.0 percent income tax whose proceeds can be used for general municipal operations, the purchasing or maintenance of equipment, or the acquisition, construction, repairs and/or maintenance of streets or other permanent improvements. For 2016, income tax receipts were recorded in the General, Street, and Police Funds. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the Village. Real property tax receipts received in 2016 for real and public utility property taxes represent the collection of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017 operations.

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 tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2016, was \$4.75 per \$1,000 of assessed value. The assessed values of real property and tangible personal property upon which 2016 property tax receipts were based are as follows:

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

<i>Category</i>	<i>Assessed Value</i>
Real Property:	
Agricultural/Residential	\$18,003,440
Commercial/Industrial	8,149,510
Tangible Personal Property:	
Public Utility	1,130,840
Total Property Taxes	\$27,283,790

Note 7 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

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 coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015 (the latest information available):

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Government's share of these unpaid claims collectible in future years is approximately \$21,106.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$34,006	\$33,502

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Village of Piketon
Pike County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s contractually required contribution was \$76,984 for year 2016.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Village full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police
2016 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2016 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
 Employee	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village has no firefighters. The Village made no contributions during 2016.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

Village of Piketon
Pike County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Village's contributions allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$12,831, \$10,532, and \$4,715, respectively. The full amount has been contributed for all three years.

Village of Piketon
Pike County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Ohio Police and Fire Pension Fund

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Village has no firefighters who are members of OPF; therefore, OPF covers police personnel only.

The Village's contribution to OPF for the years ended December 31, 2016, 2015, and 2014 were \$0, \$829, and \$1,099, respectively, was allocated to the healthcare plan. The full amount has been contributed for all three years. The Village has no firefighters.

Village of Piketon
Pike County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 10 – Debt

The Village’s long-term debt activity for the year ended December 31, 2016, was as shown on next page:

	Principal Outstanding 12/31/15	Additions	Deductions	Principal Outstanding 12/31/16	Amounts Due Within One Year
<u>Business-Type Activities:</u>					
2002 OPWC Loan 0%					
Original Issue (\$351,499)	\$123,026	\$0	\$17,575	\$105,451	\$17,575
2005 OPWC Loan 0%					
Original Issue (\$116,096)	58,051	0	5,804	52,247	5,804
2010 OPWC Loan 0%					
Original Issue (\$27,152)	18,326	0	1,358	16,968	1,358
2012 OWDA Loan 2.0%					
Original Issue (\$383,206)	288,717	2,618	0	291,335	8,432
2012 OPWC Loan 0%					
Original Issue (\$340,000)	322,999	0	11,334	311,665	11,334
2014 Oliver Street Property Acquisition					
3.5% Original Issue (\$170,000)	80,750	77,603	80,750	77,603	77,603
Total Business-Type Activities					
Long-Term Obligations	891,869	80,221	116,821	855,269	122,106
<u>Governmental Activities:</u>					
2007 Pike Hill Construction Loan					
3.75% Original Issue (\$233,000)	54,309	0	0	54,309	54,309
2010 Administrative Building Loan					
Original Issue (\$232,005)	186,171	182,506	190,240	178,437	178,437
2013 OPWC Loan 0%					
Original Issue (\$210,000)	183,748	0	10,500	173,248	10,500
2014 Oliver Street Property Acquisition					
Loan 3.5% Original Issue (\$170,000)	80,750	74,456	80,750	74,456	74,456
2015 OPWC Loan 0%					
Original Issue (\$145,807)	132,327	13,480	0	145,807	7,290
Total Governmental Activities					
Long-Term Obligations	637,305	270,442	281,490	626,257	324,992
Total Long-Term Obligations	<u>\$1,529,174</u>	<u>\$350,663</u>	<u>\$398,311</u>	<u>\$1,481,526</u>	<u>\$447,098</u>

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 2010 Ohio Public Works Commission (OPWC) Loan relates to the water and wastewater treatment plant upgrades. The loan will be repaid in semiannual installments over 20 years.

Village of Piketon

Pike County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

The 2012 Ohio Water Development Authority (OWDA) Loan relates to a water tank replacement project. The loan will be paid in semiannual installments over 30 years.

The 2012 Ohio Public Works Commission (OPWC) Loan relates to the water and wastewater treatment plant upgrades. The loan will be repaid in semiannual installments over 30 years.

In 2014, the Village entered into a Loan to purchase property on Oliver Street. The loan will be repaid in annual payments for 15 years. The loan is split between the General Fund, Street Fund, Water Operating Fund, and Sewer Operating Funds.

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 2010 Administrative Building Loan relates to the purchase of the administration building and the retirement of the Land Installment Contract. The loan will be repaid in monthly installments over 20 years.

In 2013 the Village started a Main Street Resurfacing project with OPWC, which will be repaid in bi-annual payments over 20 years.

In 2015, the Village started a West Avenue Street Improvement project with OPWC, which will be repaid in bi-annual payments over 20 years. The Village received \$13,480 in proceeds during 2016.

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

<i>Year</i>	<i>Business-Type Activities</i>					
	<i>Sewer OPWC Loans</i>	<i>Water OPWC Loans</i>	<i>Oliver Street</i>		<i>Water OWDA Loan</i>	
	<u><i>Principal</i></u>	<u><i>Principal</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>
2017	\$17,575	\$18,496	\$77,603	\$2,661	\$8,432	\$5,784
2018	17,575	18,496	0	0	8,601	5,615
2019	17,575	18,496	0	0	8,774	5,442
2020	17,575	18,496	0	0	8,951	5,266
2021	17,575	18,496	0	0	9,131	5,086
2022-2026	17,576	86,687	0	0	48,480	22,600
2027-2031	0	60,058	0	0	53,555	17,532
2032-2036	0	56,670	0	0	59,158	11,928
2037-2041	0	56,670	0	0	65,346	5,737
2042-2044	0	28,315	0	0	20,907	419
Totals	<u><u>\$105,451</u></u>	<u><u>\$380,880</u></u>	<u><u>\$77,603</u></u>	<u><u>\$2,661</u></u>	<u><u>\$291,335</u></u>	<u><u>\$85,409</u></u>

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

<i>Year</i>	<i>Governmental Activities</i>						
	<i>Pike Hill Project</i>		<i>Administrative Building</i>		<i>OPWC Loans</i>	<i>Oliver Street</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
2017	\$54,309	\$2,037	\$178,437	\$7,137	\$17,790	\$74,456	\$2,661
2018	0	0	0	0	17,790	0	0
2019	0	0	0	0	17,790	0	0
2020	0	0	0	0	17,790	0	0
2021	0	0	0	0	17,790	0	0
2022-2026	0	0	0	0	88,950	0	0
2027-2031	0	0	0	0	88,950	0	0
2032-2033	0	0	0	0	52,205	0	0
Totals	<u>\$54,309</u>	<u>\$2,037</u>	<u>\$178,437</u>	<u>\$7,137</u>	<u>\$319,055</u>	<u>\$74,456</u>	<u>\$2,661</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amounts equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2016, were an overall debt margin of \$2,238,541 and an unvoted debt margin of \$874,351.

Note 11 – Contingent Liabilities

Litigation

The Village is party to various legal proceedings. The Village’s management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Village.

Federal and State Grants

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

Note 12 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

**Village of Piketon
Pike County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

Fund Balances	General	Street Fund	Permissive MVL Fund	Police Fund	Nonmajor Governmental Funds	Total
<u>Restricted for:</u>						
Transportation Services	\$0	\$392,261	\$34,130	\$0	\$14,200	\$440,591
Police Services	0	0	0	211,994	6,895	218,889
<i>Total Restricted</i>	<u>0</u>	<u>392,261</u>	<u>34,130</u>	<u>211,994</u>	<u>21,095</u>	<u>659,480</u>
<u>Committed to:</u>						
Revolving Loans	37,999	0	0	0	0	37,999
<u>Assigned to:</u>						
Purchases On Order	9,139	0	0	0	0	9,139
Future Appropriations	261,158	0	0	0	0	261,158
<i>Total Assigned</i>	<u>270,297</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>270,297</u>
<u>Unassigned:</u>	<u>(38,838)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(38,838)</u>
Total Fund Balances	<u>\$269,458</u>	<u>\$392,261</u>	<u>\$34,130</u>	<u>\$211,994</u>	<u>\$21,095</u>	<u>\$928,938</u>

Note 13 – Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The Police Fund had unrecorded cash related to the Mayor's Court in the amount of \$6,583 for 2016. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$9,139
Street Fund	2,118
Permissive MVL Fund	2,652
Police Fund	10,882
Water Operating	2,652
Sewer Operating	4,525
Total	<u>\$31,968</u>

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

June 29, 2018

Village of Piketon
Pike County
411 S. West Street
Piketon, OH 45661

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis 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, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 29, 2018, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

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Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2017-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 29, 2018.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF PIKETON
PIKE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

Material Weakness

Posting Receipts

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Receipts should be posted to the fund and line item accounts as established by Ohio Village Handbook and other Auditor of State resources.

During 2017 and 2016, receipts were not always posted correctly. The following errors were noted:

- State income tax receipts incorrectly posted to General entirely instead of also being split between Street Construction, Maintenance and Repair and Police Funds in 2016;
- Portions of gasoline excise tax incorrectly posted between Street Construction and State Highway in 2016 and;
- Real Estate receipts were incorrectly posted to Intergovernmental instead of Property Tax in 2016.

Not posting receipts accurately resulted in the financial statements requiring reclassifications and adjustments. The accompanying financial statements reflect all reclassifications and adjustments. The Village made all required adjustments to its accounting records. We also adjusted the notes to the financial statements to reflect the adjustments to fund balances.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State Resources for guidance to determine the proper establishment of revenue accounts and posting of receipts.

Officials' Response: We did not receive a response from officials for this finding.

FINDING NUMBER 2017-002

Noncompliance

Ohio Rev. Code § 5705.39 states in part that the total appropriations from each fund should not exceed the total estimated revenue. We noted appropriations exceeding estimated receipts for the Street and State Highway Funds in 2016.

Appropriating more money than expected or actually received could lead to negative fund balances and monies being used to cover expenses being charged to inappropriate funds or lines items. It could also, lead to commitments being made without sufficient funds to pay for those commitments.

VILLAGE OF PIKETON
PIKE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-002 (Continued)

Noncompliance (Continued)

Ohio Rev. Code, § 5705.41(B) provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated. We noted expenditures exceeding appropriations in the General Fund in 2016 and General, Street, and Police Funds in 2017.

The budgeting process is an essential monitoring control that, when properly used, reduces the possibility of the Village encountering deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Village to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response: We did not receive a response from officials for this finding.

**VILLAGE OF PIKETON
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Posting receipts and fund balance classifications	Partially Corrected	Repeated in Finding 2017-001

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Dave Yost • 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
OCTOBER 11, 2018