



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF PIKETON
PIKE COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022**



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Village Council
Village of Piketon
PO Box 547
Piketon, OH 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, 2022 through December 31, 2023. 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.

Keith Faber
Auditor of State
Columbus, Ohio

November 12, 2024

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**VILLAGE OF PIKETON
PIKE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Piketon, Pike County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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

September 19, 2024

**VILLAGE OF PIKETON
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Total
Cash Receipts				
Property and Other Local Taxes	\$ 86,735	\$ 117,922	\$ 24,368	\$ 229,025
Municipal Income Tax	889,854	-	-	889,854
Intergovernmental	76,929	1,106,043	-	1,182,972
Charges for Services	28,098	17,348	-	45,446
Fines, Licenses and Permits	24,961	85,618	-	110,579
Earnings on Investments	3,776	-	-	3,776
Miscellaneous	94,797	21,820	-	116,617
<i>Total Cash Receipts</i>	<u>1,205,150</u>	<u>1,348,751</u>	<u>24,368</u>	<u>2,578,269</u>
Cash Disbursements				
Current:				
Security of Persons and Property	507,849	171,903	-	679,752
Community Environment	12,936	-	-	12,936
Transportation	172,789	351,202	-	523,991
General Government	429,669	1,220,985	642	1,651,296
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	14,516	23,751	-	38,267
Interest and Fiscal Charges	6,435	389	-	6,824
<i>Total Cash Disbursements</i>	<u>1,144,194</u>	<u>1,768,230</u>	<u>642</u>	<u>2,913,066</u>
<i>Net Change in Fund Cash Balances</i>	60,956	(419,479)	23,726	(334,797)
<i>Fund Cash Balances, January 1 (Restated - See Note 12)</i>	<u>229,300</u>	<u>1,087,412</u>	<u>6,571</u>	<u>1,323,283</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 290,256</u></u>	<u><u>\$ 667,933</u></u>	<u><u>\$ 30,297</u></u>	<u><u>\$ 988,486</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PIKETON
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 890,465
Miscellaneous	20,046
<i>Total Operating Cash Receipts</i>	<u>910,511</u>
Operating Cash Disbursements	
Personal Services	286,651
Employee Fringe Benefits	81,591
Contractual Services	702,308
Supplies and Materials	143,495
<i>Total Operating Cash Disbursements</i>	<u>1,214,045</u>
<i>Operating Income (Loss)</i>	<u>(303,534)</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	2,638,306
Loans Issued	536,236
Capital Outlay	(1,586,422)
Principal Retirement	(1,391,153)
Interest and Other Fiscal Charges	(5,046)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>191,921</u>
<i>Income (Loss) before Transfers and Advances</i>	(111,613)
Transfers In	19,548
Transfers Out	(19,548)
Advances In	19,548
Advances Out	(19,548)
<i>Net Change in Fund Cash Balances</i>	<u>(111,613)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,334,155</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,222,542</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PIKETON
PIKE COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Custodial</u>
	<u>Other Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 84,676
<i>Total Additions</i>	<u>84,676</u>
Deductions	
Distributions to Other Governments	<u>87,922</u>
<i>Total Deductions</i>	<u>87,922</u>
Net Change in Fund Balances	(3,246)
<i>Fund Cash Balances, January 1</i>	<u>10,451</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 7,205</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Piketon (the Village), Pike County, 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 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.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities. 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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Brownfield Remediation Fund Brownfield Remediation Fund is used to account for and report State grant monies restricted for the assessment or remediation of Brownfield sites throughout Ohio.

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.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Village Square Municipal TIF The Village Square Municipal TIF fund is used to account for and report a property tax levy to provide for capital projects in the Village.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Water Fund The water fund accounts for the provision of water treatment and distribution 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 private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Village does not have private purpose trust or investment trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the portion of the Mayor's Court activity that does not stay within the Village.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2023 budgetary activity appears in Note 3.

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,114,363	\$ 1,205,150	\$ 90,787
Special Revenue	1,352,044	1,348,751	(3,293)
Capital Projects	15,000	24,368	9,368
Enterprise	13,789,957	2,909,431	(10,880,526)
Total	<u>\$ 16,271,364</u>	<u>\$ 5,487,700</u>	<u>\$ (10,783,664)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,196,524	\$ 1,145,954	\$ 50,570
Special Revenue	1,812,499	1,774,193	38,306
Capital Projects	21,571	642	20,929
Enterprise	14,151,424	3,026,238	11,125,186
Total	<u>\$ 17,182,018</u>	<u>\$ 5,947,027</u>	<u>\$ 11,234,991</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2023
Demand deposits	\$ 2,118,233
Certificates of deposit	100,000
Total deposits	<u>\$ 2,218,233</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding \$15,337 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

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 2023, income tax receipts were recorded in the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	(16,078,587)
Members' Equity	<u>\$ 7,035,109</u>

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time police officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

The Village's certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
OPWC #CO27F	\$ 14,513	0%
OPWC CT56K	8,144	0%
2010 Admin Building Loan	91,854	2.66%
OWDA #6237	228,630	2.00%
OPWC #CO17N	237,999	0%
OPWC #CT58O	104,998	0%
Oliver Street Property Loan	92,683	3.50%
OPWC #CT59R	98,420	0%
USDA - Police Vehicle	8,000	2.25%
OWDA #10330	125,686	0%
Total	<u>\$ 1,010,927</u>	

The OPWC Loan #CO27F relates to the water treatment plant renovation. The loan was issued for \$116,096 and will be repaid in semiannual installments over 20 years.

The OPWC Loan #CT56K relates to the water and wastewater treatment plant upgrades. The loan was issued for \$27,152 and will be repaid in semiannual installments over 20 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.

The OWDA Loan #6237 relates to a water tank replacement project. The loan was issued for \$319,560 and will be repaid in semiannual installments over 20 years.

The OPWC Loan #CO17N relates to the water and wastewater treatment plant upgrades. The loan was issued for \$340,000 and will be repaid in semiannual installments over 30 years.

The OPWC Loan #CT58O relates to the main street resurfacing project. The loan was issued for \$210,000 and will be repaid in semiannual installments over 20 years.

The Oliver Street property loan relates to the purchase of the property on Oliver Street. The loan will be repaid in annual installments over 15 years. The payments are split between the General Fund, Special Revenue Fund, Water Operating Fund, and Sewer Operating Fund.

The OPWC Loan #CT59R relates to the West Avenue Street improvement project. The loan was issued for \$145,807 and will be repaid in semiannual installments over 20 years.

The USDA Loan relates to the purchase of a Police vehicle. The loan was issued for \$13,000 and will be repaid in annual payments over 5 years.

The OWDA Loan #10330 relates to the Water Treatment plant project. The loan was issued for \$125,686 and will be repaid in semiannual installments over 40 years. The funding for this loan has not been complete and there is not an amortization schedule published by OWDA.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (Continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC #CO27F	OPWC #CT56K	2010 Admin Building	OWDA #6237	OPWC CO17N
2024	\$ 5,805	\$ 1,358	\$ 16,876	\$ 14,217	\$ 11,333
2025	5,805	1,358	16,876	14,217	11,333
2026	2,903	1,358	16,876	14,217	11,333
2027	-	1,358	16,876	14,217	11,333
2028	-	1,358	16,876	14,217	11,333
2029-2033	-	1,354	26,721	71,084	56,667
2034-2038	-	-	-	71,084	56,667
2039-2043	-	-	-	63,976	56,667
2044-2048	-	-	-	-	11,333
Total	<u>\$ 14,513</u>	<u>\$ 8,144</u>	<u>\$ 111,101</u>	<u>\$ 277,229</u>	<u>\$ 237,999</u>

Year Ending December 31:	OPWC #CT58O	Oliver Street	OPWC #CT59R	USDA
2024	\$ 10,500	\$ 14,508	\$ 7,290	\$ 2,780
2025	10,500	14,508	7,290	2,822
2026	10,500	14,508	7,290	2,761
2027	10,500	14,508	7,290	-
2028	10,500	14,508	7,290	-
2029-2033	52,498	32,624	36,452	-
2034-2038	-	-	25,518	-
2039-2043	-	-	-	-
2044-2048	-	-	-	-
Total	<u>\$ 104,998</u>	<u>\$ 105,164</u>	<u>\$ 98,420</u>	<u>\$ 8,363</u>

Note 10 – Contingent Liabilities

The Village is party to a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor 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, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 1,760	\$ 5,963	\$ 7,723
<i>Total</i>	<u>\$ 1,760</u>	<u>\$ 5,963</u>	<u>\$ 7,723</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted, committed or assigned. These restricted, committed or assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Restatement of Fund Balance

During 2023, the General, Special Revenue, and Enterprise funds were restated to account for checks that were voided throughout the year. The following change affected beginning balance as such:

	General	Special Revenue	Enterprise
Balance as of Decemeber 31, 2022	\$ 228,340	\$ 1,087,019	\$ 1,330,724
To correct for voided checks	960	393	3,431
Balance as of January 1, 2023	<u>\$ 229,300</u>	<u>\$ 1,087,412</u>	<u>\$ 1,334,155</u>

**VILLAGE OF PIKETON
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Capital Projects	Total
Cash Receipts				
Property and Other Local Taxes	\$ 74,834	\$ 117,186	\$ 6,571	\$ 198,591
Municipal Income Tax	247,334	500,624	-	747,958
Intergovernmental	164,444	519,201	-	683,645
Charges for Services	41,400	-	-	41,400
Fines, Licenses and Permits	26,175	83,460	-	109,635
Earnings on Investments	1,381	-	-	1,381
Miscellaneous	11,692	7,209	-	18,901
<i>Total Cash Receipts</i>	<u>567,260</u>	<u>1,227,680</u>	<u>6,571</u>	<u>1,801,511</u>
Cash Disbursements				
Current:				
Security of Persons and Property	75,239	576,099	-	651,338
Community Environment	14,794	-	-	14,794
Transportation	192,232	270,863	-	463,095
General Government	351,747	165,718	-	517,465
Debt Service:				
Principal Retirement	14,075	21,144	-	35,219
Interest and Fiscal Charges	6,876	274	-	7,150
<i>Total Cash Disbursements</i>	<u>654,963</u>	<u>1,034,098</u>	<u>-</u>	<u>1,689,061</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(87,703)</u>	<u>193,582</u>	<u>6,571</u>	<u>112,450</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	13,782	-	13,782
Transfers In	-	3,275	-	3,275
Transfers Out	(3,275)	-	-	(3,275)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,275)</u>	<u>17,057</u>	<u>-</u>	<u>13,782</u>
<i>Net Change in Fund Cash Balances</i>	(90,978)	210,639	6,571	126,232
<i>Fund Cash Balances, January 1</i>	<u>319,318</u>	<u>876,380</u>	<u>-</u>	<u>1,195,698</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 228,340</u>	<u>\$ 1,087,019</u>	<u>\$ 6,571</u>	<u>\$ 1,321,930</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PIKETON
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 813,959
Miscellaneous	20,706
<i>Total Operating Cash Receipts</i>	<u>834,665</u>
Operating Cash Disbursements	
Personal Services	259,188
Employee Fringe Benefits	90,489
Contractual Services	596,452
Supplies and Materials	109,256
<i>Total Operating Cash Disbursements</i>	<u>1,055,385</u>
<i>Operating Income (Loss)</i>	<u>(220,720)</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	45,709
Special Assessments	8,312
Loans Issued	465,756
Capital Outlay	(67,284)
Principal Retirement	(173,939)
Interest and Other Fiscal Charges	(5,448)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>273,106</u>
<i>Income (Loss) before Advances</i>	52,386
Advances In	21,211
Advances Out	(21,211)
<i>Net Change in Fund Cash Balances</i>	<u>52,386</u>
<i>Fund Cash Balances, January 1</i>	<u>1,278,338</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,330,724</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PIKETON
PIKE COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Other Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 96,228
<i>Total Additions</i>	<u>96,228</u>
Deductions	
Distributions to Other Governments	90,569
<i>Total Deductions</i>	<u>90,569</u>
Net Change in Fund Balances	5,659
<i>Fund Cash Balances, January 1</i>	<u>4,792</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 10,451</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Piketon (the Village), Pike County, 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 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.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 7 to the financial statements provide additional information for these entities. 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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Village Square Municipal TIF The Village Square Municipal TIF fund is used to account for and report a property tax levy to provide for capital projects in the Village.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Water Fund The water fund accounts for the provision of water treatment and distribution 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 private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Village does not have private purpose trust or investment trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the portion of the Mayor's Court activity that does not stay within the Village.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 434,095	\$ 567,260	\$ 133,165
Special Revenue	1,042,108	1,244,737	202,629
Capital Projects	6,571	6,571	-
Enterprise	1,178,093	1,251,546	73,453
Total	<u>\$ 2,660,867</u>	<u>\$ 3,070,114</u>	<u>\$ 409,247</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 677,792	\$ 674,564	\$ 3,228
Special Revenue	1,261,901	1,047,264	214,637
Capital Projects	6,571	-	6,571
Enterprise	1,401,053	1,274,466	126,587
Total	<u>\$ 3,347,317</u>	<u>\$ 2,996,294</u>	<u>\$ 351,023</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2022
Demand deposits	\$ 2,563,105
Certificates of deposit	100,000
Total deposits	<u>\$ 2,663,105</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$24,854 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

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 2022, 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 – Interfund Balances

Outstanding advances at December 31, 2022 consisted of \$19,548 advanced to the Sewer Operating fund for the Sewer Line Extension project.

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	(18,158,351)
Members' Equity	<u>\$ 3,503,940</u>

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time police officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

Village's certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits. The Village has no firefighters.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
OPWC #CO10C	\$ 8,789	0%
OPWC #CO27F	20,318	0%
OPWC CT56K	9,502	0%
2010 Admin Building Loan	105,698	2.66%
OWDA #6237	238,131	2.00%
OPWC #CO17N	249,333	0%
OPWC #CT58O	115,498	0%
Oliver Street Property Loan	103,737	3.50%
OPWC #CT59R	105,710	0%
OWDA #9047	572,340	0%
USDA - Police Vehicle	10,500	2.25%
OWDA #9947	364,555	0%
Total	<u>\$ 1,904,111</u>	

The OPWC Loan #CO10C relates to a wastewater treatment plant upgrade. The loan was issued for \$351,499 and will be repaid in semiannual installments over 20 years.

The OPWC Loan #CO27F relates to the water treatment plant renovation. The loan was issued for \$116,096 and will be repaid in semiannual installments over 20 years.

The OPWC Loan #CT56K relates to the water and wastewater treatment plant upgrades. The loan was issued for \$27,152 and will be repaid in semiannual installments over 20 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.

The OWDA Loan #6237 relates to a water tank replacement project. The loan was issued for \$319,560 and will be repaid in semiannual installments over 20 years.

The OPWC Loan #CO17N relates to the water and wastewater treatment plant upgrades. The loan was issued for \$340,000 and will be repaid in semiannual installments over 30 years.

The OPWC Loan #CT58O relates to the main street resurfacing project. The loan was issued for \$210,000 and will be repaid in semiannual installments over 20 years.

The Oliver Street property loan relates to the purchase of the property on Oliver Street. The loan will be repaid in annual installments over 15 years. The payments are split between the General Fund, Special Revenue Fund, Water Operating Fund, and Sewer Operating Fund.

The OPWC Loan #CT59R relates to the West Avenue Street improvement project. The loan was issued for \$145,807 and will be repaid in semiannual installments over 20 years.

The OWDA Loan #9047 relates to the Scioto Valley Regional Water Reclamation Facility project. The loan was issued for \$761,372 and will be repaid in semiannual installments over 5 years. The funding for this loan has not been complete and there is not an amortization schedule published by OWDA.

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (Continued)

The USDA Loan relates to the purchase of a Police vehicle. The loan was issued for \$13,000 and will be repaid in annual payments over 5 years.

The OWDA Loan #9947 relates to the Water Treatment plant project. The loan was issued for \$364,555 and will be repaid in semiannual installments over 5 years. The funding for this loan has not been complete and there is not an amortization schedule published by OWDA.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC #CO10C	OPWC #CO27F	OPWC #CT56K	2010 Admin Building	OWDA #6237
2023	\$ 8,789	\$ 5,805	\$ 1,358	\$ 16,876	\$ 14,217
2024	-	5,805	1,358	16,876	14,217
2025	-	5,805	1,358	16,876	14,217
2026	-	2,903	1,358	16,876	14,217
2027	-	-	1,358	16,876	14,217
2028-2032	-	-	2,712	43,597	71,084
2033-2037	-	-	-	-	71,084
2038-2042	-	-	-	-	71,084
2043-2047	-	-	-	-	7,108
Total	<u>\$ 8,789</u>	<u>\$ 20,318</u>	<u>\$ 9,502</u>	<u>\$ 127,977</u>	<u>\$ 291,445</u>

Year Ending December 31:	OPWC #CO17N	OPWC #CT58O	Oliver Street	OPWC #CT59R	USDA
2023	\$ 11,333	\$ 10,500	\$ 14,508	\$ 7,290	\$ 2,736
2024	11,333	10,500	14,508	7,290	2,780
2025	11,333	10,500	14,508	7,290	2,822
2026	11,333	10,500	14,508	7,290	2,761
2027	11,333	10,500	14,508	7,290	-
2028-2032	56,667	52,500	47,132	36,452	-
2033-2037	56,667	10,498	-	32,808	-
2038-2042	56,667	-	-	-	-
2043-2047	22,667	-	-	-	-
Total	<u>\$ 249,333</u>	<u>\$ 115,498</u>	<u>\$ 119,672</u>	<u>\$ 105,710</u>	<u>\$ 11,099</u>

Village of Piketon, Ohio
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor 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

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 16,326	\$ 13,166	\$ 29,492
<i>Total</i>	<u>\$ 16,326</u>	<u>\$ 13,166</u>	<u>\$ 29,492</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted, committed or assigned. These restricted or committed amounts in the special revenue and capital projects fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Piketon, Pike County, (the Village) and have issued our report thereon dated September 19, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings item 2023-002.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

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

September 19, 2024

**VILLAGE OF PIKETON
PIKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- A Sale of Fixed Assets receipt in the Police fund was improperly classified as Fines, Licenses, Permits, and Fees in 2022;
- Principal payment for OWDA 9047 was improperly classified as Interest and Other Fiscal Charges instead of Principal Retirement in 2022;
- Principal forgiveness of OWDA 9108 was not recorded in the Water Fund as Intergovernmental Revenue with a corresponding Principal Retirement disbursement in 2022;
- Proceeds from OWDA 9974 was not recorded in the Water Fund as Loans Issued and a corresponding Capital Outlay disbursement in 2022;
- Proceeds from OWDA 9047 were misclassified as Intergovernmental Revenue instead of Loans issued in 2023;
- Principal Forgiveness for OWDA 9047 was not recorded in the Sewer Fund as Intergovernmental Revenue with a corresponding Principal Retirement Disbursement in 2023;
- Proceeds from OWDA 9974 were misclassified as Intergovernmental Revenue instead of Loans Issued in 2023;
- Principal Forgiveness for OWDA 9974 was not recorded in the Water Fund as Intergovernmental with a corresponding Principal Retirement disbursement in 2023;
- Principal and Interest Payments were not properly allocated in accordance with the financial institution, between the General, Street, Water, and Sewer funds, for the 2010 Admin Building Loan and the Oliver Street Property Loan in 2022 and 2023;
- Mayor's Court activity was not recorded in the Custodial fund in 2022 and 2023;
- A State Rollback receipt was not properly allocated between the General and Police fund, the receipt was also misclassified as Property and Other Local Taxes instead of Intergovernmental; and
- Income Tax allocation split not properly approved by council for 2023.

Not posting receipts and disbursements resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Village has made these adjustments to their accounting system.

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 types of disbursements 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 receipt and disbursement accounts and posting of receipts and disbursements.

Official's Response – We did not receive a response to this finding.

**VILLAGE OF PIKETON
PIKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-002

Noncompliance

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Revised Code Sections 5705.41(D)(1) and 5705.41(D)(3), respectively:

Then and Now Certificate – If the Fiscal Officer can certify that both at the time the contract or order was made "then" and at the time that the Fiscal Officer is completing the certification "now", that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. Amounts of less than \$3,000, may be paid by the Fiscal Officer without a resolution or ordinance of the Village upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

Blanket Certificate – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriation.

Super Blanket Certificate – The Village may also may expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 28% of the expenditures tested for 2022 and 25% of the expenditures tested for 2023.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response - We did not receive a response to this finding.

**VILLAGE OF PIKETON
PIKE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting	Not Corrected	Repeated as Finding 2023-001
2021-002	Ohio Revised Code Section 5705.41(D)	Not Corrected	Repeated as Finding 2023-002

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF PIKETON

PIKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/26/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov