



**VILLAGE OF PIKETON
PIKE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 - 2020**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

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OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Village of Piketon, Pike County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2021. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 29, 2022

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VILLAGE OF PIKETON
PIKE COUNTY

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313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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, 2021 and 2020, 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 fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, or the changes in the financial position or, where applicable, cash flows thereof for the years then ended.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, in 2020 the Village adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Fund Types. We did not modify our opinions regarding these matters.

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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 August 26, 2022, 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.



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

August 26, 2022

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**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, 2021**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 65,748	\$ 111,067	\$ 176,815
Municipal Income Tax	245,332	498,131	743,463
Intergovernmental	95,766	244,341	340,107
Charges for Services	-	37,200	37,200
Fines, Licenses and Permits	28,011	90,768	118,779
Earnings on Investments	3,878	-	3,878
Miscellaneous	4,127	45,803	49,930
	<u>442,862</u>	<u>1,027,310</u>	<u>1,470,172</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons & Property	33,003	607,828	640,831
Leisure Time Activities	75,000	-	75,000
Community Environment	14,014	-	14,014
Basic Utility Services	-	3,474	3,474
Transportation	136,085	259,361	395,446
General Government	291,547	76,165	367,712
Debt Service:			
Principal Retirement	15,015	22,236	37,251
Interest and Fiscal Charges	6,230	2,261	8,491
	<u>570,894</u>	<u>971,325</u>	<u>1,542,219</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(128,032)</u>	<u>55,985</u>	<u>(72,047)</u>
Other Financing Receipts			
Sale of Notes	-	13,000	13,000
	<u>-</u>	<u>13,000</u>	<u>13,000</u>
<i>Total Other Financing Receipts</i>			
<i>Net Change in Fund Cash Balances</i>	<u>(128,032)</u>	<u>68,985</u>	<u>(59,047)</u>
<i>Fund Cash Balances, January 1</i>	<u>447,350</u>	<u>807,395</u>	<u>1,254,745</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 319,318</u>	<u>\$ 876,380</u>	<u>\$ 1,195,698</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)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 799,888
Miscellaneous	6,176
<i>Total Operating Cash Receipts</i>	806,064
Operating Cash Disbursements	
Personal Services	221,754
Fringe Benefits	79,184
Contractual Services	617,260
Supplies and Materials	110,117
<i>Total Operating Cash Disbursements</i>	1,028,315
<i>Operating Income (Loss)</i>	(222,251)
Non-Operating Receipts (Disbursements)	
Special Assessments	119,803
Loans Issued	424,029
Capital Outlay	(207,955)
Principal Retirement	(49,093)
Interest and Other Fiscal Charges	(9,034)
<i>Total Non-Operating Receipts (Disbursements)</i>	277,750
<i>Income (Loss) before Advances</i>	55,499
Advances In	128,115
Advances Out	(128,115)
<i>Net Change in Fund Cash Balance</i>	55,499
<i>Fund Cash Balances, January 1</i>	1,222,839
<i>Fund Cash Balances, December 31</i>	\$ 1,278,338

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)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 99,126
<i>Total Additions</i>	<u>99,126</u>
Deductions	
Distributions to Other Governments	<u>95,059</u>
<i>Total Deductions</i>	<u>95,059</u>
Net Change in Fund Balances	4,067
<i>Fund Cash Balances, January 1</i>	<u>725</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 4,792</u></u>

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

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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 this entity. 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 Fund The street fund is required by 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.

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:

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.

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Fund Accounting (Continued)

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 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) budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 2021 budgetary activity appears in Note 3.

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.

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 412,740	\$ 442,862	\$ 30,122
Special Revenue	923,734	1,040,310	116,576
Enterprise	1,120,773	1,349,896	229,123
Total	<u>\$ 2,457,247</u>	<u>\$ 2,833,068</u>	<u>\$ 375,821</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 664,609	\$ 584,987	\$ 79,622
Special Revenue	1,074,553	1,011,668	62,885
Enterprise	1,482,210	1,304,560	177,650
Total	<u>\$ 3,221,372</u>	<u>\$ 2,901,215</u>	<u>\$ 320,157</u>

Note 4 – Deposits

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:

	2021
Demand deposits	\$ 2,378,828
Certificates of deposit	100,000
Total deposits	<u>\$ 2,478,828</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, 2021, the Village is holding \$7,908 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
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021, 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, 2021, consisted of \$40,759 advanced from the Sewer Operating fund to the ARC sewer line extension fund to provide working capital for operations or projects.

Note 7 – Risk Management

Risk Pool Membership

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.

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. 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 remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full time police employees, 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, 2021.

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, 2021.

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. 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.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
OPWC #CO10C	\$ 26,364	0%
OPWC #CO27F	26,123	0%
OPWC #CT56K	10,860	0%
2010 Admin Building Loan	119,113	2.66%
OWDA #6237	247,445	2%
OPWC #CO17N	260,666	0%
OPWC #CT58O	125,998	0%
Oliver Street Property Loan	114,459	3.50%
OPWC #CT59R	113,000	0%
OWDA #9047	547,276	0%
OWDA #9108	45,709	0%
USDA - Police Vehicle	10,500	2.25%
	\$ 1,647,513	

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.

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (Continued)

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.

The OWDA Loan #9108 relates to the Water System Facility Assessment Project. The loan was issued for \$47,963 and will be repaid in semiannual installments over 5 years beginning in 2023. The funding for this loan has not been complete and there is not an amortization schedule published by OWDA.

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, beginning during 2021.

Amortization

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

Year Ending December 31:	OPWC #CO10C	OPWC #CO27F	OPWC CT56K	Admin Building	OWDA #6237
2022	\$ 17,575	\$ 5,805	\$ 1,358	\$ 14,897	\$ 14,217
2023	8,789	5,805	1,358	14,897	14,217
2024	-	5,805	1,358	14,897	14,217
2025	-	5,805	1,358	14,897	14,217
2026	-	2,903	1,358	14,897	14,217
2027-2031	-	-	4,070	59,582	71,084
2032-2036	-	-	-	-	71,084
2037-2041	-	-	-	-	71,084
2042-2046	-	-	-	-	21,325
Total	<u>\$ 26,364</u>	<u>\$ 26,123</u>	<u>\$ 10,860</u>	<u>\$ 134,067</u>	<u>\$ 305,662</u>

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (Continued)

Amortization (Continued)

Year Ending December 31:	OPWC #CO17N	OPWC #CT58O	Oliver Street	OPWC CT59R	USDA
2022	\$ 11,333	\$ 10,500	\$ 14,508	\$ 7,290	\$ 2,736
2023	11,333	10,500	14,508	7,290	2,780
2024	11,333	10,500	14,508	7,290	2,822
2025	11,333	10,500	14,508	7,290	2,761
2026	11,333	10,500	14,508	7,290	-
2027-2031	56,667	52,500	61,639	36,452	-
2032-2036	56,667	20,998	-	36,452	-
2037-2041	56,667	-	-	3,646	-
2042-2046	34,000	-	-	-	-
Total	<u>\$ 260,666</u>	<u>\$ 125,998</u>	<u>\$ 134,179</u>	<u>\$ 113,000</u>	<u>\$ 11,099</u>

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	\$ 14,093	\$ 40,343	\$ 54,436
<i>Total</i>	<u>\$ 14,093</u>	<u>\$ 40,343</u>	<u>\$ 54,436</u>

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue 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 2021, 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 emergency funding, either federal or state, cannot be estimated.

**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, 2020**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 46,956	\$ 81,330	\$ 128,286
Municipal Income Tax	161,794	485,377	647,171
Intergovernmental	94,162	368,870	463,032
Charges for Services	-	26,520	26,520
Fines, Licenses and Permits	34,650	60,437	95,087
Earnings on Investments	4,875	-	4,875
Miscellaneous	120,072	127,449	247,521
<i>Total Cash Receipts</i>	<u>462,509</u>	<u>1,149,983</u>	<u>1,612,492</u>
Cash Disbursements			
Current:			
Security of Persons & Property	28,379	576,591	604,970
Community Environment	842	-	842
Basic Utility Services	-	6,018	6,018
Transportation	145,332	234,002	379,334
General Government	304,429	102,075	406,504
Debt Service:			
Principal Retirement	13,119	9,149	22,268
Interest and Fiscal Charges	7,029	1,111	8,140
<i>Total Cash Disbursements</i>	<u>499,130</u>	<u>928,946</u>	<u>1,428,076</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,621)</u>	<u>221,037</u>	<u>184,416</u>
Other Financing Receipts			
Sale of Capital Assets	15,000	-	15,000
<i>Total Other Financing Receipts</i>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
<i>Net Change in Fund Cash Balances</i>	(21,621)	221,037	199,416
<i>Fund Cash Balances, January 1</i>	<u>468,971</u>	<u>586,358</u>	<u>1,055,329</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 447,350</u>	<u>\$ 807,395</u>	<u>\$ 1,254,745</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)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 778,664
Miscellaneous	11,523
	<u>790,187</u>
<i>Total Operating Cash Receipts</i>	<u>790,187</u>
Operating Cash Disbursements	
Personal Services	206,356
Fringe Benefits	80,761
Contractual Services	353,970
Supplies and Materials	108,374
	<u>749,461</u>
<i>Total Operating Cash Disbursements</i>	<u>749,461</u>
<i>Operating Income (Loss)</i>	<u>40,726</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	54,194
Loans Issued	168,956
Capital Outlay	(124,532)
Principal Retirement	(27,494)
Interest and Other Fiscal Charges	(7,534)
	<u>(7,534)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>63,590</u>
<i>Income before Transfers and Advances</i>	<u>104,316</u>
Transfers In	4,840
Transfers Out	(4,840)
Advances In	126,452
Advances Out	(126,452)
	<u>(126,452)</u>
<i>Net Change in Fund Cash Balance</i>	<u>104,316</u>
<i>Fund Cash Balances, January 1</i>	<u>1,118,522</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,222,838</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)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Other Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$ 60,970</u>
<i>Total Additions</i>	<u>60,970</u>
Deductions	
Distributions to Other Governments	<u>64,574</u>
<i>Total Deductions</i>	<u>64,574</u>
Net Change in Fund Balances	(3,604)
<i>Fund Cash Balances, January 1</i>	<u>4,329</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 725</u></u>

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

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Coronavirus Relief Fund The coronavirus relief fund accounts for and reports restricted monies received under a federal grant to cover necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19).

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.

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
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Enterprise Funds (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.

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 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 2020 budgetary activity appears in Note 3.

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 326,021	\$ 477,509	\$ 151,488
Special Revenue	1,137,512	1,149,983	12,471
Enterprise	837,456	1,018,177	180,721
Total	<u>\$ 2,300,989</u>	<u>\$ 2,645,669</u>	<u>\$ 344,680</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 586,544	\$ 501,990	\$ 84,554
Special Revenue	1,048,661	935,512	113,149
Enterprise	1,211,106	923,444	287,662
Total	<u>\$ 2,846,311</u>	<u>\$ 2,360,946</u>	<u>\$ 485,365</u>

Note 4 – Deposits

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:

	2020
Demand deposits	\$ 2,378,308
Certificates of deposit	100,000
Total deposits	<u>\$ 2,478,308</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.

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
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020, 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, 2020, consisted of \$126,452 advanced from the Sewer Operating fund to the ARC sewer line extension fund to provide working capital for operations or projects.

Note 7 – Risk Management

Risk Pool Membership

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.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty.

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time police employees, 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, 2020.

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, 2020.

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. 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.

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
OPWC #CO10C	\$ 43,939	0%
OPWC #CO27F	31,928	0%
OPWC #CT56K	12,217	0%
2010 Admin Building Loan	132,182	2.66%
OWDA #6237	256,576	2%
OPWC #CO17N	271,999	0%
OPWC #CT58O	136,498	0%
Oliver Street Property Loan	122,242	3.50%
OPWC #CT59R	120,291	0%
OWDA #9047	168,317	0%
OWDA #9108	639	0%
	\$ 1,296,828	

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 Administration 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 \$147,807 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
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt (Continued)

The OWDA Loan #9108 relates to the Water System Facility Assessment Project. The loan was issued for \$47,963 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	Admin Building	OWDA #6237
2021	\$ 17,575	\$ 5,805	\$ 1,358	\$ 15,069	\$ 14,217
2022	17,575	5,805	1,358	15,069	14,217
2023	8,789	5,805	1,358	15,069	14,217
2024	-	5,805	1,358	15,069	14,217
2025	-	5,805	1,358	15,069	14,217
2026-2030	-	2,903	5,427	75,337	71,084
2031-2035	-	-	-	-	71,084
2036-2040	-	-	-	-	71,084
2041-2045	-	-	-	-	35,542
Total	<u>\$ 43,939</u>	<u>\$ 31,928</u>	<u>\$ 12,217</u>	<u>\$ 150,682</u>	<u>\$ 319,879</u>

Year Ending December 31:	OPWC #CO17N	OPWC #CT58O	Oliver Street	OPWC CT59R
2021	\$ 11,333	\$ 10,500	\$ 16,068	\$ 7,290
2022	11,333	10,500	16,068	7,290
2023	11,333	10,500	16,068	7,290
2024	11,333	10,500	16,068	7,290
2025	11,333	10,500	16,068	7,290
2026-2030	56,667	52,500	64,272	36,452
2031-2035	56,667	31,498	-	36,452
2036-2040	56,667	-	-	10,937
2041-2045	45,333	-	-	-
Total	<u>\$ 271,999</u>	<u>\$ 136,498</u>	<u>\$ 144,612</u>	<u>\$ 120,291</u>

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.

Village of Piketon
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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	\$ 2,860	\$ 6,566	\$ 9,426
<i>Total</i>	<i>\$ 2,860</i>	<i>\$ 6,566</i>	<i>\$ 9,426</i>

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

Note 13 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Note 14 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency 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
PO 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, the financial statements of the Village of Piketon, Pike County, (the Village) as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements and have issued our report thereon dated August 26, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the Village adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

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 purposes 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 2021-001 that we consider to be a material weakness.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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* which are described in the accompanying schedule of findings as item 2021-002.

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.



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

August 26, 2022

VILLAGE OF PIKETON
PIKE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

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 State income tax receipt was classified as Property Taxes in the General fund instead of Municipal Income Tax in the General, Street, and Police funds in 2020 and 2021;
- State Rollback receipts were classified as Property Taxes in the General fund instead of Intergovernmental in the General and Police funds in 2020 and 2021;
- Manufactured homes settlement receipts were recorded in the General fund and not properly allocated to the Police fund in 2020.
- Mayor's Court activity was not recorded in the custodial fund in 2020 and 2021;
- Not all transactions were recorded in the accounting system resulting in Other Adjusting Factors;
- Debt proceeds and corresponding capital outlay were not recorded in the Water and Sewer Operating funds, for OWDA proceeds in 2020;
- USDA Loan payment was not recorded in the Police fund in 2021;
- A Sale of Fixed Assets receipt in the General fund was improperly classified as Miscellaneous in 2020;
- A Village portion of Mayor's Court fines was improperly recorded in the General Fund instead of the Police Special Revenue Fund in 2020; and

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.

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

VILLAGE OF PIKETON
PIKE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-002

Material Weakness

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting 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. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. Then and Now" certificate - If the fiscal officer can certify that both at the time that 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 previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 taxing authority.
2. 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.
3. Super Blanket Certificate – The entity may also make 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. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 28% of the expenditures tested for 2020 and 43% of the expenditures tested for 2021.

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
DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Repeated as Finding 2021-001

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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 10/11/2022

88 East Broad 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