



Dave Yost • Auditor of State



VILLAGE OF PEEBLES  
ADAMS COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Peebles  
Adams County  
1 Simmons Avenue  
Peebles, Ohio 45660

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Village of Peebles, Adams County, (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above 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, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Peebles, Adams County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 22, 2017

**Village of Peebles**

Adams County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2015

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$153,233	\$53,629	\$206,862
Intergovernmental	48,715	97,250	145,965
Charges for Services	6,902	39,000	45,902
Fines, Licenses and Permits	26,041	0	26,041
Earnings on Investments	143	118	261
Miscellaneous	7,860	19,985	27,845
<i>Total Cash Receipts</i>	<u>242,894</u>	<u>209,982</u>	<u>452,876</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	79,376	114,154	193,530
Leisure Time Activities	0	4,572	4,572
Transportation	0	62,927	62,927
General Government	120,474	40	120,514
Principal Retirement	5,094	2,483	7,577
Interest and Other Fiscal Charges	1,631	243	1,874
<i>Total Cash Disbursements</i>	<u>206,575</u>	<u>184,419</u>	<u>390,994</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>36,319</u>	<u>25,563</u>	<u>61,882</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	0	4,042	4,042
Other Financing Sources	200	0	200
<i>Total Other Financing Receipts (Disbursements)</i>	<u>200</u>	<u>4,042</u>	<u>4,242</u>
<i>Net Change in Fund Cash Balances</i>	36,519	29,605	66,124
<i>Fund Cash Balances, January 1</i>	<u>140,364</u>	<u>152,138</u>	<u>292,502</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	181,743	181,743
Assigned	56,680	0	56,680
Unassigned (Deficit)	120,203	0	120,203
<i>Fund Cash Balances, December 31</i>	<u>\$176,883</u>	<u>\$181,743</u>	<u>\$358,626</u>

See accompanying notes to the financial statements.

**Village of Peebles**

Adams County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2015

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$819,643	\$0	\$819,643
Fines, Licenses and Permits	\$0	\$27,300	27,300
Miscellaneous	4,333	0	4,333
<i>Total Operating Cash Receipts</i>	<u>823,976</u>	<u>27,300</u>	<u>851,276</u>
<b>Operating Cash Disbursements</b>			
Personal Services	208,017	0	208,017
Employee Fringe Benefits	47,802	0	47,802
Contractual Services	327,608	0	327,608
Supplies and Materials	50,961	0	50,961
Other	4,600	21,093	25,693
<i>Total Operating Cash Disbursements</i>	<u>638,988</u>	<u>21,093</u>	<u>660,081</u>
<i>Operating Income (Loss)</i>	<u>184,988</u>	<u>6,207</u>	<u>191,195</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	16,900	0	16,900
Other Debt Proceeds	1,409	0	
Sale of Capital Assets	4,100	0	4,100
Capital Outlay	(1,409)	0	
Principal Retirement	(64,019)	0	(64,019)
Interest and Other Fiscal Charges	(39,553)	0	(39,553)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(82,572)</u>	<u>0</u>	<u>(82,572)</u>
<i>Net Change in Fund Cash Balances</i>	<u>102,416</u>	<u>6,207</u>	<u>108,623</u>
<i>Fund Cash Balances, January 1</i>	<u>254,819</u>	<u>9,985</u>	<u>264,804</u>
<i>Fund Cash Balances, December 31</i>	<u>\$357,235</u>	<u>\$16,192</u>	<u>\$373,427</u>

See accompanying notes to the financial statements.



**Village of Peebles**

Adams County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2014

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$144,317	\$67,965	\$212,282
Intergovernmental	48,149	94,818	142,967
Charges for Services	2,818	30,000	32,818
Fines, Licenses and Permits	44,703	0	44,703
Earnings on Investments	0	224	224
Miscellaneous	2,820	25,331	28,151
<i>Total Cash Receipts</i>	<u>242,807</u>	<u>218,338</u>	<u>461,145</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	107,512	149,604	257,116
Leisure Time Activities	0	4,933	4,933
Transportation	0	108,261	108,261
General Government	126,671	38	126,709
Capital Outlay	0	6,328	6,328
Debt Service:			
Principal Retirement	0	3,896	3,896
Interest and Fiscal Charges	0	1,319	1,319
<i>Total Cash Disbursements</i>	<u>234,183</u>	<u>274,379</u>	<u>508,562</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,624</u>	<u>(56,041)</u>	<u>(47,417)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	<u>0</u>	<u>6,328</u>	<u>6,328</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>6,328</u>	<u>6,328</u>
<i>Net Change in Fund Cash Balances</i>	8,624	(49,713)	(41,089)
<i>Fund Cash Balances, January 1</i>	<u>131,740</u>	<u>201,851</u>	<u>333,591</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	152,138	152,138
Unassigned (Deficit)	<u>140,364</u>	<u>0</u>	<u>140,364</u>
<i>Fund Cash Balances, December 31</i>	<u>\$140,364</u>	<u>\$152,138</u>	<u>\$292,502</u>

See accompanying notes to the financial statements.

**Village of Peebles, Ohio**

Adams County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2014

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$801,844	\$0	\$801,844
Fines, Licenses and Permits		\$43,839	43,839
Miscellaneous	6,405	0	6,405
<i>Total Operating Cash Receipts</i>	<u>808,249</u>	<u>43,839</u>	<u>852,088</u>
<b>Operating Cash Disbursements</b>			
Personal Services	210,577	0	210,577
Employee Fringe Benefits	70,583	0	70,583
Contractual Services	337,085	0	337,085
Supplies and Materials	82,027	0	82,027
Other	2,700	36,480	39,180
<i>Total Operating Cash Disbursements</i>	<u>702,972</u>	<u>36,480</u>	<u>739,452</u>
<i>Operating Income (Loss)</i>	<u>105,277</u>	<u>7,359</u>	<u>112,636</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	12,000		12,000
Other Debt Proceeds	225,160		225,160
Miscellaneous Receipts	155		155
Capital Outlay	(202,741)		(202,741)
Principal Retirement	(54,366)		(54,366)
Interest and Other Fiscal Charges	(36,527)		(36,527)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(56,319)</u>	<u>0</u>	<u>(56,319)</u>
<i>Net Change in Fund Cash Balances</i>	48,958	7,359	56,317
<i>Fund Cash Balances, January 1</i>	<u>205,861</u>	<u>2,626</u>	<u>208,487</u>
<i>Fund Cash Balances, December 31</i>	<u>\$254,819</u>	<u>\$9,985</u>	<u>\$264,804</u>

See accompanying notes to the financial statements.

**VILLAGE OF PEEBLES  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Peebles, Adams County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, fire services, and police services

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

**B. Accounting Basis**

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(D). 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(D) permit.

**C. 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.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

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

**2. 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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Police Levy Fund – This fund receives monies from a levy to pay for security of persons and property

**VILLAGE OF PEEBLES  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fire Fund- This fund receives monies for services rendered and local taxes to pay for the security of persons and property.

**3. 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 - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for fines and forfeitures collected by the Mayor's Court which are distributed to the Village and State.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. 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 2015 and 2014 budgetary activity appears in Note 3.

**VILLAGE OF PEBBLES  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Village did not have any fund balances classified as nonspendable at December 31, 2015 or 2014.

**2. 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.

**3. 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. The Village did not have any fund balances classified as committed at December 31, 2015 or 2014.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. The Village did not have any fund balances classified as assigned at December 31, 2014.

**5. 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.

**VILLAGE OF PEBBLES  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Property, Plant, and Equipment**

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

**H. 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.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2015	2014
Demand deposits	\$732,053	\$557,306
Total deposits and investments	\$732,053	\$557,306

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; and collateralized by securities specifically pledged by the financial institution to the Village.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$274,830	\$243,094	(\$31,736)
Special Revenue	143,770	214,024	70,254
Enterprise	851,870	846,385	(5,485)
Total	\$1,270,470	\$1,303,503	\$33,033

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$274,000	\$206,575	\$67,425
Special Revenue	212,400	184,419	27,981
Enterprise	947,000	743,969	203,031
Total	\$1,433,400	\$1,134,963	\$298,437

**VILLAGE OF PEEBLES  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$283,500	\$242,807	(\$40,693)
Special Revenue	224,150	224,666	516
Enterprise	762,740	1,045,564	282,824
Total	\$1,270,390	\$1,513,037	\$242,647

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$283,500	\$234,183	\$49,317
Special Revenue	224,150	274,379	(50,229)
Enterprise	860,270	996,606	(136,336)
Total	\$1,367,920	\$1,505,168	(\$137,248)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance, and Repair fund, the Fire Fund, the Police Levy Fund, the Consumer Deposit Fund, the Enterprise Improvement Fund, and the Sewer Fund by \$34,692, \$17,592, \$5,623, \$650, \$188,588, and \$20,398 respectively for the year ended December 31, 2014.

**4. PROPERTY TAX**

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
First State Bank Dodge Truck (#1141)	\$14,295	3%
USDA Mort Revenue Bonds	\$577,000	5%
Real Estate Refunding Bonds	\$52,914	4%
First State Bank Dodge Truck (#33259)	\$7,374	3%
OPWC #C019C	\$18,750	0%
OPWC #CT40L	\$28,275	0%
OWDA #3103	\$15,267	6%
OWDA #2841	\$8,170	2%
OWDA #3922	\$33,121	2%
OWDA #5084	\$117,517	2%
OWDA #6277	\$41,242	4%
OWDA #6721	205,076	2%
Total	<u>\$1,119,001</u>	

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

Year ending	OWDA Loan #3103	OWDA Loan #2841	OPWC Loan #C019C	First State Bank Dodge Truck	USDA Revenue Bonds	OWDA Loan #3922
December 31:						
2016	\$4,112	\$5,591	\$2,500	\$4,139	\$62,050	\$2,812
2017	4,174	2,796	2,500	3,452	62,090	2,812
2018	4,239	0	2,500	0	62,045	2,812
2019	4,309	0	2,500	0	62,215	2,812
2020	0	0	2,500	0	62,085	2,812
2021-2025	0	0	6,250	0	310,335	14,060
2026-2030	0	0	0	0	177,030	7,025
Total	<u>\$16,834</u>	<u>\$8,387</u>	<u>\$18,750</u>	<u>\$7,591</u>	<u>\$797,850</u>	<u>\$35,145</u>

Year ending	OWDA Loan #5084	Real Estate Refunding Bonds	OPWC Loan CT40L	First State Bank Dodge Truck
December 31:				
2016	\$5,654	\$6,945	\$1,950	\$4,072
2017	5,654	6,952	1,950	4,072
2018	5,654	6,953	1,950	4,072
2019	5,654	38,377	1,950	4,072
2020	5,654	0	1,950	2,833
2021-2025	28,270	0	9,750	0
2026-2030	28,270	0	8,775	0
2031-2035	28,270	0	0	0
2036-2040	28,278	0	0	0
Total	<u>\$141,358</u>	<u>\$59,227</u>	<u>\$28,275</u>	<u>\$19,121</u>



**VILLAGE OF PEBBLES  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1, 2014 through June 30, 2014 OP&F participants contributed 10.75%, July 1, 2014 through June 30, 2015, OP&F participants contributed 11.5% and July 1, 2015 through December 31, 2015, OP&F participants contributed 12.25% of their wages, respectively. For 2015 and 2014, the Village contributed to OP&F an amount equal to 24% of full-time police members' wages and 19.5% of full-time fire fighters' wages, respectively. For 2015 and 2014, OPERS members contributed 0% of their gross salaries and the Village contributed an amount equaling 24%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Village is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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# Dave Yost • Auditor of State

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

Village of Peebles  
Adams County  
1 Simmons Avenue  
Peebles, Ohio 45660

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Peebles, Adams County, (the Village) as of and for the year ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated February 22, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001, 2015-002, and 2015-004 to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-003 and 2015-004.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 22, 2017

**VILLAGE OF PEBBLES  
ADAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
-------------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2015-001**

**Material Weakness**

**Reconciliations**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village did not accurately reconcile its bank accounts to fund balances at December 31, 2014 or December 31, 2015. The following issues were noted during the testing of reconciliations:

- An incorrect bank balance was used on the December 31, 2015 bank reconciliation prepared by the Village.
- Deposits in transit in the amount of \$6,321 were erroneously included on the December 2015 bank reconciliation. These deposits were received and recorded in November 2015.
- \$5,216 in Mayor's Court receipts were deposited into the main Village checking account in 2014 and 2015 instead of the Mayor's Court bank account.
- There were \$12,470 of Village fees in 2014 and 2015 posted into the Mayors Court Fund instead of being posted to the General Fund.
- Fund balance adjustments totaling \$535 were made in 2015 that affected the 2014 fund balances. These adjustments were made to the General Fund, Police Levy Fund, Water Operating Fund, Sewer Operating Fund, and the Consumer Deposit Fund.
- The Village is carrying outstanding checks on their outstanding check list from 2012 and 2013. These old checks should be investigated and researched to determine if they should be reissued or placed in an unclaimed monies fund.

Accurate reconciliations are a basic and essential internal control component for sound fiscal management. Village officials rely on accurate reconciliations to make sound financial decisions. Adjustments were posted to the financial statements and to accounting records to correct the above transactions.

We recommend the Village Fiscal Officer complete accurate monthly reconciliations. Other adjusting factors should be documented and adequately explained. All transactions should be accurately posted in the accounting system. Village officials should review and sign the reconciliations indicating their approval. Adjustments should be documented, and any unexplained differences should be investigated and resolved immediately. For guidance the Village should utilize the Village Officer's Handbook, which can be located at [www.ohioauditor.gov](http://www.ohioauditor.gov) under Resources.

**Officials' Response:**

We did not receive a response from Officials to this finding.

## FINDING NUMBER 2015-002

### Material Weakness

#### Posting

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

We noted the following conditions related to the Village's accounting system and financial reporting:

- Intergovernmental receipts (homestead and rollback) were incorrectly recorded as property tax receipts in the General Fund in 2014 in the amount of \$23,190.
- \$555 in property taxes in 2014 was incorrectly posted to the General Fund. This amount should have been posted to the Police Levy and Fire Levy funds in accordance with the tax settlement sheet received from the County Auditor. Property tax receipts should be posted at gross instead of net.
- Intergovernmental receipts were classified as property taxes in the Street Construction Maintenance and Repair Fund in the amount of \$63,910 in 2014.
- Debt proceeds for a refinance of bonds in 2014 were not recorded in the General Fund in the amount of \$58,008.
- Intergovernmental receipts (grants and homestead and rollback), Charges for Services receipts from a fire contract and Property Tax receipts were incorrectly recorded as miscellaneous receipts in the Fire Fund in 2014 in the amount of \$42,838.
- Mayor's court fees due to the General Fund in the amount of \$8,284 were posted to the Mayor's Court Agency Fund. Mayor's Court fines in the amount of \$5,216 were recorded in the General fund as fines instead of the Mayor's Court in 2014. Activity of the Mayor's Court was not posted to the Agency Fund in the amount of \$36,480 in expenses and \$43,839 in revenue in 2014.
- Debt proceeds in the amount of \$210,166 were recorded as miscellaneous receipts and Capital Outlay Expenses were recorded as Interest and Fiscal Charges in the amount of \$187,747 in the Enterprise Improvement Fund in 2014.
- Miscellaneous receipts in the amount of \$1,022 were incorrectly posted as Property Tax receipts in the General fund in 2014.
- In 2014, \$254 in gasoline tax was incorrectly posted to the Motor Vehicle License Tax Fund instead of the State Highway Fund.
- Intergovernmental receipts (homestead and rollback) were incorrectly recorded as property tax receipts in the Police Levy Fund in 2014 in the amount of \$3,011.
- A new truck loan obtained in 2014 in the amount of \$18,984 was not recorded as proceeds and capital outlay in the Street Maintenance and Repair Fund, Water Operating Fund, and Sewer Operating Fund. Since all three funds are utilizing the truck, the Village equally divided the loan amount between the three funds.

**FINDING NUMBER 2015-002**  
**(Continued)**

- Debt recorded in the Street Maintenance and Repair Fund in 2014 in the amount of \$3,421 and \$1,794 were paid incorrectly from the Transportation Expense and Other Contractual Services, respectively, instead of being properly allocated to the Principal and Interest line items in accordance with debt amortization schedules and invoices.
- Miscellaneous receipts in the amount of \$973 were incorrectly posted as Property Tax receipts in the Street Maintenance and Repair Fund.
- OWDA proceeds in 2014 were not recorded - \$841 in the Enterprise Improvement Fund and \$1,497 in the Sewer Reserve Fund.
- In 2014, debt payments were posted to interest expense in the Water Reserve Fund in the amount of \$25,226 instead of principal retirement. Also, debt payments were posted to interest expense instead of Principal in the Sewer Reserve Fund in the amount of \$20,746 and posted to Other Contractual Services instead of principal retirement in the amount of \$5,917 in the Sewer Operating Fund.
- In 2014, truck debt payments were improperly posted to regular expense line items instead of principal and interest in the Water Operating Fund in the amount of \$1,794 and in the Sewer Operating Fund in the amount of \$1,794.
- Intergovernmental receipts (homestead and rollback and excess IRP) were incorrectly posted as property tax receipts in the General Fund in 2015 in the amount of \$21,675.
- A reduction in fund balance of \$8,386 in 2015 in the Street Construction Maintenance Repair Fund was due to incorrect posting of permissive motor vehicle license receipts and to adjust for property taxes recorded twice. The Permissive MVL fund had an increase in fund balance due to the above misposting of receipts in the amount of \$2,440.
- Intergovernmental receipts were classified as property taxes in the Street Construction Maintenance and Repair Fund in the amount of \$59,059 in 2015.
- Mayor's court fees due to the General Fund in the amount of \$4,186 were incorrectly posted to the Mayor's Court Agency Fund in 2015. Activity of the Mayor's Court was not posted to the Agency Fund in the amount of \$21,093 in expenses and \$27,300 in revenue in 2015.
- In 2015, \$372 in property taxes was incorrectly posted to the General Fund. This amount should have been posted to the Police Levy and Fire Levy funds in accordance with the tax settlement sheets received from the County Auditor.
- \$6,725 in debt payments in 2015 were recorded in the Street Maintenance and Repair Fund and the State Highway Fund instead of the General Fund.
- In 2015 \$2,972 of funds received from the State were recorded as an Other Financing Source instead of Intergovernmental in the General Fund.
- \$1,992 in 2015 for the sale of a fixed asset was recorded as an Other Fines, Licenses and Permit in the General Fund instead of a Sale of Fixed Asset in the Police Levy Fund. Also a sale of a fixed asset in 2015 was incorrectly recorded in the Street Maintenance and Repair Fund as Charges for Services instead of as a Sale of Fixed Asset in the amount of \$2,050, \$2,050 was incorrectly reported as Miscellaneous Operating instead of as a Sale of Fixed Asset in the Sewer Operating Fund and \$2,050 in the Water Operating Fund.

**FINDING NUMBER 2015-002**  
**(Continued)**

- In 2015, intergovernmental receipts (homestead and rollback) were recorded as property tax receipts instead of intergovernmental receipts in the amount of \$5,783 in the Police Levy Fund and \$1,625 in the Fire Levy Fund.
- Manufactured home tax in the amount of \$569 was incorrectly posted as property tax in the Street Maintenance and Repair Fund in 2015.
- Refunds in 2015 in the amount of \$49 in the Street Maintenance and Repair Fund and \$140 in the Police Levy Fund were posted in as property tax instead of miscellaneous revenue.
- In 2015 \$4,763 of funds received from the State were recorded as Charges for Services in the Street Maintenance and Repair Fund and \$5,098 was recorded as miscellaneous receipts in the Fire Levy Fund. These funds should have been recorded as intergovernmental revenues.
- A reduction in fund balance of \$375 in 2015 in the State Highway Fund was to adjust for intergovernmental revenues recorded twice.
- In 2015, charges for services from a fire contract in the amount of \$7,000 were recorded in the Fire Levy fund as Miscellaneous Revenue instead of Charges for Services. Also, \$75 in miscellaneous revenue in the Fire Levy Fund was incorrectly recorded as charges for services.
- OWDA debt proceeds of \$1,409 in 2015 were not recorded in the Enterprise Improvement Fund.
- In 2015, \$7,229 in debt payments were incorrectly posted to the Street Maintenance and Repair Fund, State Highway and the Permissive Motor Vehicle License Tax Fund instead of the General Fund.
- In 2015, \$1,610 in debt payments for a truck were incorrectly posted as other contractual services in the Street Maintenance and Repair Fund instead of properly allocating to the principal and interest line items in accordance with debt amortization schedules and invoices.
- In 2015, truck debt payments were improperly posted to regular expense line items instead of principal and interest in the Water Operating Fund in the amount of \$3,416 and in the Sewer Operating Fund in the amount of \$2,716.
- In 2015, \$32,836 of debt activity was posted to Interest instead of principal retirement in the Water Reserve Fund. \$14,151 was posted to Interest instead of principal retirement and other expense in the Sewer Reserve Fund.
- In 2015, \$24,866 of debt activity was posted to other contractual services instead of properly allocating to the principal retirement and interest line items in accordance with debt amortization schedules and invoices.
- General Fund fund balance in the amount of \$56,660 at December 31, 2015 was incorrectly classified as unassigned instead of assigned.

The Village corrected the financial statements and accounting records for all adjustments.

Failure to accurately and timely post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Village.



**FINDING NUMBER 2015-002  
 (Continued)**

We recommend that the Village accurately record financial transactions.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2015-003**

**Noncompliance**

**Ohio Rev. Code Section 5705.41(B)** prohibits subdivisions or taxing authorities from expending money unless it has been appropriated as provided in such chapter.

At December 31, 2014, expenditures exceeded appropriations, as follows:

Fund	Appropriations	Expenditures	Variance
Street Maintenance	\$65,000	\$99,692	\$(34,692)
Fire	85,000	102,592	(17,952)
Police Levy	46,000	51,623	(5,623)
Consumer Deposit	1,300	1,950	(650)
Sewer	313,470	333,535	(20,065)
Enterprise Improvement	0	188,588	(188,588)

The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Village.

We recommend the Fiscal Officer compares expenditures to appropriations at the legal level of control on a monthly basis. If appropriations in addition to those already adopted will be needed, the Village should take the necessary steps to adopt additional appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2015-004**

**Material Weakness/Noncompliance**

**Mayor's Court**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

We noted the following conditions related to the operations of the Mayor's Court:

- **Ohio Rev. Code, Section 9.38**, requires monies to be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. Based on transaction dates and deposit ticket dates, the Village did not make timely deposits of Mayor's Court receipts in seven of 25 tested for 2015 and six of 25 tested for 2014.

**FINDING NUMBER 2015-004**  
**(Continued)**

This section also stipulates that if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day. The Village has not adopted this policy regarding deposits.

- **Ohio Rev. Code, Section 733.40**, requires all fines, forfeitures and costs collected by the Mayor be paid by the Mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the Mayor shall submit a full statement of all monies received. The Mayor did not submit payment to the Village by the first Monday of the month as required. Several months during the audit period monthly distributions were not made as required. A reconciliation was performed regarding payments received and remitted and a determination was made that \$13,863 was not remitted to the Village as required during 2014 and 2015.
- **Ohio Rev. Code, Section 2743.70**, requires monies collected for additional court costs be remitted on the first business day of each month to the Treasurer of State. \$1,407 was not timely remitted to the Treasurer of State by the Village for 2014 and 2015.
- The Village Mayor's Court maintains a separate bank account which was not accurately reconciled on a monthly basis.
- Three receipts out of 25 tested in 2014 were not posted to the hard case file.
- There were eight receipts tested in 2014 and 16 in 2015 of 25 tested each year that had incorrect fees charged for certain moving and nonmoving charges. These Village fees are to be \$36 and \$46 for certain moving and nonmoving violations respectively, citations were instead charged \$10 and \$20 instead. These fees were not charged at the proper rate, and this limited the amount which was subsequently paid to the Village. There was no reason documented for these rate changes.

To improve accountability over Mayor's Court receipts and reduce the chance of errors occurring and not being detected, the Village should adopt policies and procedures for the collection of Mayor's Court receipts including:

- The Village should deposit all receipts on the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, the Village may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made within three days.
- Bank Reconciliations should be performed monthly and reviewed and signed by both the Mayor and Fiscal Officer to verify completeness and accuracy.
- Monthly distributions of funds should be performed accurately and timely based on the applicable sections of law. These distributions should be reviewed and initialed by the Mayor or someone knowledgeable of the Mayor's Court activities to provide a check on what the Fiscal Officer is distributing and it is consistent with the Mayor's Court records for the month.
- The Mayor's court reports should be reviewed monthly, approved and submitted to Council for approval by the required time period.
- All case payments should be noted on the case jacket.

**FINDING NUMBER 2015-004**  
**(Continued)**

- The Village should implement controls to ensure that its fee structure is in line with approved rates. The Village should ensure that they have procedures in place to receive timely notifications of changes in fees and implement any required changes timely. Changes to fee schedules should be approved by Council and reasons for the changes should be appropriately documented.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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**VILLAGE OF PEEBLES  
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-01	Financial Reporting	No	Not corrected; Reissued as Finding Number 2015-001
2013-02	Ohio Rev. Code § 5705.41(B): Expenditures exceeding Appropriations	No	Not corrected; Reissued as Finding Number 2015--002
2013-03	Ohio Rev. Code § 5705.39: Appropriations in excess of Revenues	Yes	
2013-04	Ohio Rev. Code § 5705.36(A)(4): Actual Resources less than Estimated	N/A	Finding No Longer Valid
2013-05	Ohio Rev. Code § 5705.10(I): Deficit Balance	Yes	
2013-06	Ohio Rev. Code § 733.40 and 2949.091: Mayors' Court Distributions	No	Not corrected; Reissued as Finding Number 2015-003

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# Dave Yost • Auditor of State

VILLAGE OF PEEBLES

ADAMS COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 7, 2017