

Village of Peebles

Adams County

Regular Audit

January 1 , 2000 Through December 31, 2001

Fiscal Years Audited Under GAGAS: 2001 & 2000

**BALESTRA & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

---

Telephone (740) 289-4131

Fax (740) 289-3639 E-Mail: mbalcpa@bright.net





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
Columbus, Ohio 43215

Telephone 614-466-4514  
800-282-0370

Facsimile 614-728-7398  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Honorable Mayor and Council  
Village of Peebles  
34 South Nixon Avenue  
Peebles, Ohio 45660

We have reviewed the Independent Auditor's Report of the Village of Peebles, Adams County, prepared by Balestra & Company, for the audit period January 1, 2000 through December 31, 2001. 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.

Finding for Recovery Repaid Under Audit

The Village Fire Chief authorized personal purchases of automotive parts. As of December 31, 2001, outstanding purchases for which the Village had not been reimbursed totaled two hundred forty-seven dollars seventy-five cents (\$247.75). The Village has been reimbursed the two hundred forty-seven dollars seventy-five cents (\$247.75) through receipt number 7677, dated April 4, 2002.

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 Peebles is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

June 19, 2002

**This Page is Intentionally Left Blank.**

VILLAGE OF PEEBLES  
ADAMS COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountant's Report	1
Financial Statements:	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2001	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type and Similar Fiduciary Funds-For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type and Similar Fiduciary Funds-For the Year Ended December 31, 2000	5
Notes to the Financial Statements	6-13
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	14-15
2001 Schedule of Findings and Questioned Costs	16
2000 Schedule of Findings and Questioned Costs	17
Corrective Action Plan	18

**This Page is Intentionally Left Blank.**

# BALESTRA & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639 E-Mail: mbalcpa@bright.net

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## Independent Auditors' Report

Honorable Mayor and Council  
Village of Peebles  
34 South Nixon  
P.O. Box 430  
Peebles, Ohio 45660

We have audited the accompanying financial statements of the Village of Peebles, Adams County (the Village), as of and for the years ended December 31, 2001 and 2000, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Peebles, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under section 117.26 of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company  
Balestra & Company

April 5, 2002

Village of Peebles  
Adams County

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund  
Cash Balances - All Governmental Fund Types  
For the Year Ended December 31, 2001

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Cash Receipts			
Local Taxes	\$ 121,443	\$ 37,159	\$ 158,602
Intergovernmental	45,667	66,373	112,040
Charges for Services	30,237	35,400	65,637
Fines, Licenses, and Permits	41,434	0	41,434
Interest	1,347	886	2,233
Miscellaneous	<u>18,854</u>	<u>38,235</u>	<u>57,089</u>
Total Cash Receipts	258,982	178,053	437,035
Cash Disbursements			
Current			
Security of Persons and Property	147,446	66,256	213,702
Leisure Time Activities	15,816	0	15,816
Transportation	0	65,557	65,557
General Government	122,073	0	122,073
Debt Service	<u>6,899</u>	<u>2,147</u>	<u>9,046</u>
Total Cash Disbursements	<u>292,234</u>	<u>133,960</u>	<u>426,194</u>
Total Receipts Over/Under Disbursements	(33,252)	44,093	10,841
Other Financing Receipts/(Disbursements):			
Transfers-In	52,631	52,000	104,631
Transfers-Out	<u>(52,000)</u>	<u>(46,631)</u>	<u>(98,631)</u>
Total Other Financing Receipts/(Disbursements)	<u>631</u>	<u>5,369</u>	<u>6,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(32,621)	49,462	16,841
Fund Cash Balances, January 1, 2001	<u>100,637</u>	<u>84,317</u>	<u>184,954</u>
Fund Cash Balances, December 31, 2001	<u>\$ 68,016</u>	<u>\$ 133,779</u>	<u>\$ 201,795</u>
Reserved for Encumbrances December 31, 2001	1,532	566	2,098

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



Village of Peebles  
Adams County

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund  
Cash Balances - Proprietary Fund Type and Similar Fiduciary Fund  
For the Year Ended December 31, 2001

	<u>Enterprise</u>	<u>Agency</u>	<u>Total (Memorandum Only)</u>
OperatingCash Receipts			
Charges for Services	\$ 610,807	\$ 0	\$ 610,807
Miscellaneous	<u>5,725</u>	<u>0</u>	<u>5,725</u>
Total Operating Cash Receipts	616,532	0	616,532
Operating Cash Disbursements			
Personal Services	237,448	0	237,448
Contractual Services	256,714	0	256,714
Capital Outlay	34,791	0	34,791
Supplies & Materials	<u>33,125</u>	<u>0</u>	<u>33,125</u>
Total Cash Disbursements	<u>562,078</u>	<u>0</u>	<u>562,078</u>
Operating Income/(Loss)	54,454	0	54,454
Non-Operating Cash Receipts			
Other Non-Operating Revenues	<u>0</u>	<u>37,581</u>	<u>37,581</u>
Total Non-Operating Cash Receipts	0	37,581	37,581
Non-Operating Cash Disbursements			
Debt Service	82,864	0	82,864
Other Non-Operating Cash Disbursements	<u>0</u>	<u>39,510</u>	<u>39,510</u>
Total Non-Operating Cash Disbursements	<u>82,864</u>	<u>39,510</u>	<u>122,374</u>
Excess of Revenues Over/(Under) Expenses Before Interfund Transfers and Advances	(28,410)	(1,929)	(30,339)
Transfers-Out	<u>(6,000)</u>	<u>0</u>	<u>(6,000)</u>
Net Receipts Over/(Under) Disbursements	(34,410)	(1,929)	(36,339)
Fund Cash Balances, January 1, 2001	<u>272,656</u>	<u>3,456</u>	<u>276,112</u>
Fund Cash Balances, December 31, 2001	<u>\$ 238,246</u>	<u>\$ 1,527</u>	<u>\$ 239,773</u>
Reserved for Encumbrances December 31, 2001	1,285	0	1,285

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

Village of Peebles  
Adams County

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund  
Cash Balances - All Governmental Fund Types  
For the Year Ended December 31, 2000

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Cash Receipts			
Local Taxes	\$ 165,894	\$ 35,168	\$ 201,062
Intergovernmental	59,064	153,883	212,947
Charges for Services	30,850	18,200	49,050
Fines, Licenses, and Permits	47,014	0	47,014
Miscellaneous	12,995	14,453	27,448
	<u>315,817</u>	<u>221,704</u>	<u>537,521</u>
Total Cash Receipts			
Cash Disbursements			
Current			
Security of Persons and Property	169,875	59,627	229,502
Community Environment	0	726	726
Leisure Time Activities	15,837	0	15,837
Transportation	0	59,955	59,955
General Government	124,683	0	124,683
Capital Outlay	0	72,000	72,000
Debt Service	4,969	2,104	7,073
	<u>315,364</u>	<u>194,412</u>	<u>509,776</u>
Total Cash Disbursements			
Total Receipts Over/Under Disbursements	453	27,292	27,745
Other Financing Receipts/(Disbursements):			
Proceeds of Loans	14,000	0	14,000
Transfers-In	6,000	10,000	16,000
Transfers-Out	(10,000)	0	(10,000)
	<u>10,000</u>	<u>10,000</u>	<u>20,000</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,453	37,292	47,745
Fund Cash Balances, January 1, 2000 (As restated, see note 9)	<u>90,184</u>	<u>47,025</u>	<u>137,209</u>
Fund Cash Balances, December 31, 2000	<u>\$ 100,637</u>	<u>\$ 84,317</u>	<u>\$ 184,954</u>

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

Village of Peebles  
Adams County

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund  
Cash Balances - Proprietary Fund Type and Similar Fiduciary Fund  
For the Year Ended December 31, 2000

	<u>Enterprise</u>	<u>Agency</u>	<u>Total (Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$ 587,550	\$ 0	\$ 587,550
Miscellaneous	48,822	0	48,822
Total Operating Cash Receipts	636,372	0	636,372
Operating Cash Disbursements			
Personal Services	211,617	0	211,617
Contractual Services	71,311	0	71,311
Capital Outlay	750,921	0	750,921
Total Cash Disbursements	1,033,849	0	1,033,849
Operating Income/(Loss)	(397,477)	0	(397,477)
Non-Operating Cash Receipts			
Intergovernmental	455,762	0	455,762
Proceeds of Loans	50,000	0	50,000
Other Non-Operating Revenues	0	45,069	45,069
Total Non-Operating Cash Receipts	505,762	45,069	550,831
Non-Operating Cash Disbursements			
Debt Service	43,406	0	43,406
Other Non-Operating Cash Disbursements	57	51,996	52,053
Total Non-Operating Cash Disbursements	43,463	51,996	95,459
Excess of Revenues Over/(Under) Expenses Before Interfund Transfers and Advances	64,822	(6,927)	57,895
Transfers-Out	(6,000)	0	(6,000)
Net Receipts Over/(Under) Disbursements	58,822	(6,927)	51,895
Fund Cash Balances, January 1, 2000	213,834	10,383	224,217
Fund Cash Balances, December 31, 2000	<u>\$ 272,656</u>	<u>\$ 3,456</u>	<u>\$ 276,112</u>

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

VILLAGE OF PEBBLES  
ADAMS COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Peebles, Adams County, (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 publicly-elected six-member Council. A Village Clerk is responsible for fiscal control of the resources of the Village. The Village provides general governmental services, including water and sewer utilities and police and fire services. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. BASIS OF ACCOUNTING

The financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Revised Code. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

GOVERNMENTAL FUND TYPE:

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

VILLAGE OF PEBBLES  
ADAMS COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

NOTES TO THE FINANCIAL STATEMENTS  
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

GOVERNMENTAL FUND TYPE: (continued)

Special Revenue Funds

Special Revenue Funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. 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.

Fire Fund - This fund receives local taxes and revenues from contracts with other political subdivisions to provide fire protection.

PROPRIETARY FUND TYPE:

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a similar manner to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village had the following significant enterprise funds:

Water Fund - Receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - Receives charges for services from residents to cover the cost of providing this utility.

Water Reserve Fund - Accounts for the debt service activities of the Water Fund.

Sewer Reserve Fund - Accounts for the debt service activities of the Sewer Fund.

ODD/I&I Fund - Accounts for the grant and loan activities to recover the cost of the sewer line rehab project.

VILLAGE OF PEEBLES  
ADAMS COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

NOTES TO THE FINANCIAL STATEMENTS  
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

FIDUCIARY FUND TYPES:

The agency fund is used to account for monies collected by one governmental unit for another governmental unit. The Village had the following fiduciary fund:

Agency Fund

Mayor's Court - An agency fund that accounts for activity in the mayor's court bank account.

E. BUDGETARY PROCESS

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

VILLAGE OF PEBBLES  
ADAMS COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

NOTES TO THE FINANCIAL STATEMENTS  
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village described in Note 1(B).

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Inter-fund type eliminations have not been made in the aggregation of this data.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand Deposits	\$ 441,568	\$ 461,066

Deposits were either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution or the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 were as follows:

2001 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 220,000	\$ 311,613	\$ 91,613
Special Revenue	146,000	230,053	84,053
Enterprise	<u>695,508</u>	<u>616,532</u>	<u>(78,976)</u>
Total	<u>\$1,061,508</u>	<u>\$1,158,198</u>	<u>\$ 96,690</u>

VILLAGE OF PEEBLES  
ADAMS COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

NOTES TO THE FINANCIAL STATEMENTS  
(continued)

3. BUDGETARY ACTIVITY (continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 277,500	\$ 345,766	\$ (68,266)
Special Revenue	169,000	181,157	(12,157)
Enterprise	<u>627,560</u>	<u>652,227</u>	<u>(24,667)</u>
Total	<u>\$1,074,060</u>	<u>\$1,179,150</u>	<u>\$(105,090)</u>

2000 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 280,000	\$ 335,817	\$ 55,817
Special Revenue	207,500	231,704	24,204
Enterprise	<u>659,668</u>	<u>1,142,134</u>	<u>482,466</u>
Total	<u>\$1,147,168</u>	<u>\$1,709,655</u>	<u>\$562,487</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 228,200	\$ 325,364	\$ (97,164)
Special Revenue	158,500	194,412	(35,912)
Enterprise	<u>589,448</u>	<u>1,083,312</u>	<u>(493,864)</u>
Total	<u>\$ 976,148</u>	<u>\$1,603,088</u>	<u>\$(626,940)</u>

In 2001, the Village had disbursements exceeding appropriations in the General fund by \$68,266, Police Wages fund by \$44,704, and the ODD/I&I fund by \$34,631. In 2000, the Village had disbursements exceeding appropriations in the General fund by \$97,164, the Street fund by \$40,022, the ODD/I&I fund by \$452,513, the Water fund by \$69,004, and the Sewer fund by \$44,132. These are in violation of Ohio Revised Code Section 5705.41(B), which prohibits the expenditure of funds unless they have been properly appropriated.

In 2001 the Fire fund's appropriations exceeded estimated resources by \$12,581. This is a violation of Ohio Revised Code Section 5705.39, which states that the total appropriation from each fund should not exceed estimated revenue.



VILLAGE OF PEEBLES  
ADAMS COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

NOTES TO THE FINANCIAL STATEMENTS  
(continued)

4. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #7008	\$ 48,281	5.77%
Ohio Water Development Authority Loan #230	73,883	2.00%
VCIF Loan	17,150	0.00%
General Obligation Bond	17,100	5.75%
Water Meter Lease	2,469	7.67%
Mortgage Revenue Bonds	906,000	5.00%
Fifth Third Bank Loan for Police Cruiser	3,056	6.00%
OPWC Sewer Line Rehab Loan	<u>50,000</u>	0.00%
Total	<u>\$1,117,939</u>	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer lines. The OWDA has approved up to \$294,646 in loans to the Village for these projects. The loans will be repaid in semiannual installments of \$3,376 (loan #7008) and \$2,796 (loan #230), including interest, over 25 years. The scheduled payment amounts below are based on \$263,671, which was the total amount borrowed.

The VCIF loan was used to perform an I & I study. This allowed for smoke to be run through the village water and sewer lines to detect any problem areas. This also will allow the village to meet EPA regulations.

VILLAGE OF PEBBLES  
ADAMS COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

NOTES TO THE FINANCIAL STATEMENTS  
(continued)

5. DEBT (Continued)

The mortgage revenue bonds were used to expand water lines and to build a new wastewater treatment plant. The original bonds were for \$1,050,000. Annual payments vary according to repayment schedule.

The general obligation bond was to build a new building to house the village fire department. The original bond was for \$25,000. Annual payments vary according to repayment schedule.

The Water Meter Lease was to lease water meters. The original amount of the lease was for \$55,000. Annual payments vary according to the lease purchase schedule.

The Fifth Third bank loan was to purchase a new police cruiser. The original amount of the loan was \$14,000. Annual payments vary according to the repayment schedule.

The OPWC Loan was used for the rehabilitation of sewer lines. The original amount of the loan was \$50,000. Annual payments are \$2,500 each year at 0% interest.

Amortization of the above debt, including interest in the amount of \$806,794, is scheduled as follows:

<u>December 31</u>	OWDA	Mortgage		VCIF	G.O.	Water	Police	OPWC
		<u>Loans</u>	<u>Revenue</u>					
2002	\$ 4,987	\$ 62,100	\$ 2,450	\$ 2,183	\$ 2,543	\$ 3,056	\$ 2,500	
2003	9,973	60,060	2,450	2,114			2,500	
2004	9,973	62,080	2,450	2,145			2,500	
2005	9,973	62,055	2,450	2,171			2,500	
2006	9,973	62,085	2,450	2,190			2,500	
2007-2011	49,869	310,455	4,900	10,600			12,500	
2012-2016	49,869	310,445		2,115			12,500	
2017-2021	18,739	310,500					12,500	
2022-2026		310,410						
Thereafter		<u>114,920</u>						
Total	\$ 163,356	\$ 1,665,110	\$ 17,150	\$ 23,518	\$ 2,543	\$ 3,056	\$ 50,000	

VILLAGE OF PEEBLES  
ADAMS COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

NOTES TO THE FINANCIAL STATEMENTS  
(continued)

6. RETIREMENT SYSTEM

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. CONTINGENCIES

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

9. PRIOR PERIOD ADJUSTMENTS

For the year ended December 31, 2000 the following prior period adjustments have resulted in fund balance restatements:

	<u>Fund Balance at 12/31/99</u>	<u>Prior Period Adjustments</u>	<u>Restated Fund Balance at 1/1/00</u>
Special Revenue Fund			
1. To reclass funds to enterprise.	\$ 51,149	\$ (4,124)	\$ 47,025
Enterprise Fund			
2. To reclass funds from special revenue.	\$ 209,710	\$ 4,124	\$ 213,834

# BALESTRA & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639 E-Mail: mbalcpa@bright.net

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Village Council  
Village of Peebles  
34 South Nixon  
Peebles, Ohio 45660

We have audited the financial statements of the Village of Peebles, Adams County (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing and 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2001-01, 2001-02, 2001-03, 2000-01, 2000-02, and 2000-03. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 5, 2002.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Village Council  
Village of Peebles

Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.

Page 2

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Village in a separate letter dated April 5, 2002.

This report is intended solely for the information and use of the audit committee, management, and council and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company  
Balestra & Company

April 5, 2002

VILLAGE OF PEEBLES  
ADAMS COUNTY  
JANUARY 1, 2000 THROUGH DECEMBER 31, 2001

**2001 SCHEDULE OF FINDINGS & QUESTIONED COSTS RELATED TO THE FINANCIAL  
STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS:**

Finding Number: 2001-01	<p><u>Appropriation vs. Estimated Revenue</u></p> <p>Ohio Revised Code section 5705.39 states in part that the total appropriation from each fund should not exceed estimated revenue. In 2001 the Fire fund's appropriations exceeded estimated resources by \$12,581.</p>						
Finding Number: 2001-02	<p><u>Transfers</u></p> <p>Ohio Revised Code Section 5705.14 states no transfer can be made from one fund of a subdivision to any fund, except from the general fund with a simple majority of the governing body. Other transfers allowable which require a two thirds vote of the governing body include: certain transfers from bond retirement, sinking, and permanent improvement funds as well as balances remaining in any special fund after the termination of the activity, service, or other undertaking for which such special fund existed.</p> <p>The Village transferred \$46,631 from the Police Wages fund to the General fund in 2001.</p>						
Finding Number: 2001-03	<p><u>Appropriations vs. Disbursements</u></p> <p>Ohio Revised Code section 5705.41(B), prohibits any subdivision from making any expenditure without it being properly appropriated. Expenditures exceeded appropriations by a material amount in several funds in 2001:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">General Fund</td> <td>\$68,266</td> </tr> <tr> <td>Police Wages</td> <td>\$44,704</td> </tr> <tr> <td>ODD/I&amp;I</td> <td>\$34,631</td> </tr> </table>	General Fund	\$68,266	Police Wages	\$44,704	ODD/I&I	\$34,631
General Fund	\$68,266						
Police Wages	\$44,704						
ODD/I&I	\$34,631						

VILLAGE OF PEEBLES  
ADAMS COUNTY  
JANUARY 1, 2000 THROUGH DECEMBER 31, 2001

**2000 SCHEDULE OF FINDINGS & QUESTIONED COSTS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS:**

Finding Number: 2000-01	<p><u>Amended Certificate of Estimated Resources</u></p> <p>Ohio Revised Code Section 5705.36 states that an increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend any excess revenues. In 2000 the VCIF fund had \$0 estimated resources and expenditures in excess of \$452,513.</p>												
Finding Number: 2000-02	<p><u>Appropriations vs. Disbursements</u></p> <p>Ohio Revised Code section 5705.41(B), prohibits any subdivision from making any expenditure without it being properly appropriated. Expenditures exceeded appropriations by a material amount in several funds in 2000:</p> <table style="margin-left: 40px;"> <tr> <td>General</td> <td style="text-align: right;">\$97,165</td> </tr> <tr> <td>Street</td> <td style="text-align: right;">\$40,022</td> </tr> <tr> <td>ODD/I&amp;I</td> <td style="text-align: right;">\$452,513</td> </tr> <tr> <td>Water</td> <td style="text-align: right;">\$69,004</td> </tr> <tr> <td>Sewer</td> <td style="text-align: right;">\$44,132</td> </tr> </table>	General	\$97,165	Street	\$40,022	ODD/I&I	\$452,513	Water	\$69,004	Sewer	\$44,132		
General	\$97,165												
Street	\$40,022												
ODD/I&I	\$452,513												
Water	\$69,004												
Sewer	\$44,132												
Finding Number: 2000-03	<p><u>Questioned Grant Expenditures</u></p> <p>The Village charged various expenses to the sewer line rehab grants that were not budgeted. The items include expenditures in excess of amounts originally budgeted in Other Direct Expenses and Interest line item, and the following expenditures which were not budgeted in the original grant agreement: vehicle, tires for the vehicle, a tractor, and the Village funded an additional project for water tower rehabilitation which was not budgeted as part of the grant. The following are the expenditures questioned in the ODD/I&amp;I fund in 2000:</p> <table style="margin-left: 40px;"> <tr> <td>Other Direct Expenditures</td> <td style="text-align: right;">\$1,292 - Various Checks</td> </tr> <tr> <td>Barry's Chevy &amp; Olds (Truck)</td> <td style="text-align: right;">\$12,700 - Check #1040</td> </tr> <tr> <td>Barry's Chevy &amp; Olds (Tires)</td> <td style="text-align: right;">\$240 - Check #1041</td> </tr> <tr> <td>Gampp's John Deere Sales</td> <td style="text-align: right;">\$2,342 - Check #1044</td> </tr> <tr> <td>Leary Construction (Water Tower)</td> <td style="text-align: right;">\$12,000 - Check #1048</td> </tr> <tr> <td>Leary Construction (Water Tower)</td> <td style="text-align: right;">\$11,690 - Check #1053</td> </tr> </table>	Other Direct Expenditures	\$1,292 - Various Checks	Barry's Chevy & Olds (Truck)	\$12,700 - Check #1040	Barry's Chevy & Olds (Tires)	\$240 - Check #1041	Gampp's John Deere Sales	\$2,342 - Check #1044	Leary Construction (Water Tower)	\$12,000 - Check #1048	Leary Construction (Water Tower)	\$11,690 - Check #1053
Other Direct Expenditures	\$1,292 - Various Checks												
Barry's Chevy & Olds (Truck)	\$12,700 - Check #1040												
Barry's Chevy & Olds (Tires)	\$240 - Check #1041												
Gampp's John Deere Sales	\$2,342 - Check #1044												
Leary Construction (Water Tower)	\$12,000 - Check #1048												
Leary Construction (Water Tower)	\$11,690 - Check #1053												

VILLAGE OF PEEBLES  
ADAMS COUNTY  
JANUARY 1, 2000 THROUGH DECEMBER 31, 2001

**CORRECTIVE ACTION PLAN:**

FINDING NUMBER:	PLANNED CORRECTIVE ACTION:	ANTICIPATED COMPLETION DATE:	RESPONSIBLE CONTACT PERSON:
2001-01	The Clerk will monitor budgetary activity more closely during the next fiscal year.	12/31/02	Sheila Browning, Clerk/Treasurer
2001 - 02	According to the Clerk the Village currently pays the Police Wages directly from that fund and the General fund no longer is reimbursed for the payment of Police wages.	12/31/02	Sheila Browning, Clerk/Treasurer
2001 - 03	The Clerk will monitor budgetary activity more closely during the next fiscal year.	12/31/02	Sheila Browning, Clerk/Treasurer
2000 - 01	The Clerk will monitor budgetary activity more closely during the next fiscal year.	12/31/02	Sheila Browning, Clerk/Treasurer
2000 - 02	The Clerk will monitor budgetary activity more closely during the next fiscal year.	12/31/02	Sheila Browning, Clerk/Treasurer
2000 - 03	The Clerk plans to contact OVRDC about questioned costs . In addition, the OVRDC is conducting a file monitoring in regards to this grant on May 29, 2002, if expenditures are determined not allowable by the monitoring team the Clerk plans to monitor grant expenditures more closely in the future.	12/31/02	Sheila Browning, Clerk/Treasurer





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
JULY 2, 2002**