

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2005 AND 2004**





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Peebles, Adams County, prepared by Bastin & Company, LLC, for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 cursive script that reads "Mary Taylor".

MARY TAYLOR, CPA  
Auditor of State

January 9, 2007

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**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO**

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of Village Council  
Village of Peebles  
34 South Nixon  
Peebles, Ohio 45660

We have audited the accompanying financial statements of the Village of Peebles, Adams County, Ohio, (the Village) as of and for the years ended December 31, 2005 and 2004. 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 described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governmental units to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or their changes in financial position for the years then ended.

Also, 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 as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2006, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
October 25, 2006



**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, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandur Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Taxes	\$ 140,804	\$ 90,212	\$ 231,016
Intergovernmental Receipts	6,490	71,708	78,198
Special Assessments	-	8,597	8,597
Charges for Services	6,781	48,100	54,881
Fines, Licenses, and Permits	50,021	1,047	51,068
Earnings on Investments	2,692	2,692	5,384
Miscellaneous	<u>3,274</u>	<u>-</u>	<u>3,274</u>
 Total Cash Receipts	 <u>210,062</u>	 <u>222,356</u>	 <u>432,418</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	95,288	152,794	248,082
Transportation	-	66,471	66,471
General Government	104,229	-	104,229
Debt Service:			
Principal	1,704	1,400	3,104
Interest and Fiscal Charges	<u>247</u>	<u>771</u>	<u>1,018</u>
 Total Cash Disbursements	 <u>201,468</u>	 <u>221,436</u>	 <u>422,904</u>
 Total Receipts Over Disbursements	 8,594	 920	 9,514
 Fund Cash Balances, January 1	 <u>74,524</u>	 <u>87,821</u>	 <u>162,345</u>
 Fund Cash Balances, December 31	 <u>\$ 83,118</u>	 <u>\$ 88,741</u>	 <u>\$ 171,859</u>

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

**VILLAGE OF PEBBLES  
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 654,284	\$ -	\$ 654,284
Miscellaneous	19,778	-	19,778
Total Operating Cash Receipts	674,062	-	674,062
<b>Operating Cash Disbursements:</b>			
Personal Services	248,970	-	248,970
Contractual Services	111,833	-	111,833
Supplies and Materials	229,705	-	229,705
Other	1,800	-	1,800
Total Operating Cash Disbursements	592,308	-	592,308
Operating Income	81,754	-	81,754
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	13,570	41,999	55,569
Total Non-Operating Cash Receipts	13,570	41,999	55,569
<b>Non-Operating Cash Disbursements:</b>			
Principal	(31,469)	-	(31,469)
Interest	(46,951)	-	(46,951)
Other Non-operating Cash Disbursements	-	(44,054)	(44,054)
Total Non-Operating Cash Disbursements	(78,420)	(44,054)	(122,474)
Excess of Receipts Over (Under) Disbursements Before Interfund Transfers	16,904	(2,055)	14,849
Transfers-In	78,050	-	78,050
Transfers-Out	(78,050)	-	(78,050)
Net Receipts Over (Under) Disbursements	16,904	(2,055)	14,849
Fund Cash Balances, January 1	267,890	3,477	271,367
Fund Cash Balances, December 31	\$ 284,794	\$ 1,422	\$ 286,216

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

**VILLAGE OF PEBBLES  
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, 2004**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 107,954	\$ 72,451	\$ 180,405
Intergovernmental Receipts	29,717	76,227	105,944
Charges for Services	8,432	48,100	56,532
Fines, Licenses, and Permits	45,922	137	46,059
Earnings on Investments	2,186	2,187	4,373
Miscellaneous	13,463	12,616	26,079
 Total Cash Receipts	 207,674	 211,718	 419,392
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	113,989	121,613	235,602
Basic Utility Services	-	20,444	20,444
Transportation	-	78,954	78,954
General Government	113,357	7,529	120,886
Capital Outlay	6,075	-	6,075
Debt Service:			
Principal	1,594	1,300	2,894
Interest and Fiscal Charges	357	845	1,202
 Total Cash Disbursements	 235,372	 230,685	 466,057
 Total Receipts Over (Under) Disbursements	 (27,698)	 (18,967)	 (46,665)
<b>Other Financing Receipts:</b>			
Proceeds from Loans	6,075	-	6,075
 Total Other Financing Receipts	 6,075	 -	 6,075
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	 (21,623)	 (18,967)	 (40,590)
 Fund Cash Balances, January 1	 \$ 96,147	 \$ 106,788	 \$ 202,935
 Fund Cash Balances, December 31	 \$ 74,524	 \$ 87,821	 \$ 162,345

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 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 656,505	\$ -	\$ 656,505
Miscellaneous	6,994	-	6,994
Total Operating Cash Receipts	663,499	-	663,499
<b>Operating Cash Disbursements:</b>			
Personal Services	269,315	-	269,315
Contractual Services	87,821	-	87,821
Supplies and Materials	217,400	-	217,400
Capital Outlay	80,100	-	80,100
Other	1,550	-	1,550
Total Operating Cash Disbursements	656,186	-	656,186
Operating Income	7,313	-	7,313
<b>Non-Operating Cash Receipts:</b>			
Debt Proceeds	80,100	-	80,100
Other Non-Operating Receipts	2,007	41,040	43,047
Total Non-Operating Cash Receipts	82,107	41,040	123,147
<b>Non-Operating Cash Disbursements:</b>			
Principal	(30,371)	-	(30,371)
Interest	(48,313)	-	(48,313)
Other Non-operating Cash Disbursements	-	(40,196)	(40,196)
Total Non-Operating Cash Disbursements	(78,684)	(40,196)	(118,880)
Excess of Receipts Over Disbursements Before Interfund Transfers	10,736	844	11,580
Transfers-In	71,650	-	71,650
Transfers-Out	(71,650)	-	(71,650)
Net Receipts Over Disbursements	10,736	844	11,580
Fund Cash Balances, January 1	257,154	2,633	259,787
Fund Cash Balances, December 31	\$ 267,890	\$ 3,477	\$ 271,367

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Peebles, Adams County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected, six-member Council directs the Village. The Village provides 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**

These 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. Cash Deposits**

The Village has interest bearing checking accounts for all deposited funds.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific 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.

*Police Levy Fund* - This fund's income is derived from taxes levied by the village to pay the salaries of village police officers.

**VILLAGE OF PEEBLES  
ADAMS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

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

**3. Enterprise Funds**

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This 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.

**4. Fiduciary Fund (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Fiduciary Fund:

*Mayor's Court Fund* – An agency fund used to account for monies received, by the public, in the form of court costs, fines, bonds, and/or restrictions.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**2. 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 also approve estimated resources.

**VILLAGE OF PEEBLES  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

**3. 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 2005 and 2004 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**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. Interfund type eliminations have not been made in the aggregation of this data.

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

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

	2005	2004
Deposits:		
Demand deposits	\$458,075	\$433,712
Total deposits and investments	\$458,075	\$433,712

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF PEBBLES  
ADAMS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$284,600	\$210,062	(\$74,538)
Special Revenue	190,250	222,356	32,106
Enterprise	745,231	765,682	20,451
Total	\$1,220,081	\$1,198,100	(\$21,981)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$284,600	\$201,468	\$83,132
Special Revenue	240,200	221,436	18,764
Enterprise	745,231	748,778	(3,547)
Total	\$1,270,031	\$1,171,682	\$98,349

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$277,000	\$213,749	(\$63,251)
Special Revenue	124,540	211,718	87,178
Enterprise	757,428	817,256	59,828
Total	\$1,158,968	\$1,242,723	\$83,755

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$286,548	\$235,372	\$51,176
Special Revenue	175,274	230,685	(55,411)
Enterprise	758,796	806,520	(47,724)
Total	\$1,220,618	\$1,272,577	(\$51,959)

In 2004, expenditures exceeded appropriations in the Street Construction Maintenance and Repair Fund by \$27,946, State Highway Improvement Fund by \$8,004, Drug Law Enforcement Fund by \$944, Permissive Motor Vehicle Tax Fund by \$6,726, Fire Fund by \$12,177, Real Estate Fund by \$5,581, Sewer Escrow Fund by \$2 and the OWDA Fund by \$75,850.

In 2005, expenditures exceeded appropriations in the Fire Fund by \$79, Sewer Operating Fund by \$26,284, Sewer Reserve Fund by \$411, VCIF Fund by \$2 and the OWDA Fund by \$400.



**VILLAGE OF PEBBLES  
ADAMS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village 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, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority #3103	\$41,322	5.77%
Ohio Water Development Authority #2841	56,927	2.00%
VCIF Loan	7,350	0.00%
OPWC Sewer Line Rehab Loan #C019C	42,500	0.00%
General Obligation Bond	12,000	5.75%
Mortgage Revenue Bonds	833,700	5.00%
First State Bank Police Cruiser	2,777	6.68%
Ohio Water Development Authority #4106	25,000	0.00%
Ohio Water Development Authority #3922	53,381	2.00%
Total	<u>\$1,074,957</u>	

The Ohio Water Development Authority (OWDA) loans relates to a 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 \$2,796 (loan #2841) and \$2,191 (loan #3103), 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 made 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.

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.

**VILLAGE OF PEBBLES  
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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 the repayment schedule.

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 the repayment schedule.

First State Bank loan was used to purchase a police cruiser in 2004. The original amount of the loan was \$6,075. Monthly payments are \$163 for 42 months at 6.68% interest.

The Ohio Water Development Authority loan obtained in 2004 (Loan #4106) detail engineering plan for improvements to the wastewater treatment detail engineering plan for improvements to the wastewater treatment system. Repayment is not scheduled to begin until July 1, 2006 at \$2,500 per year for 10 years at 0% interest.

The Ohio Water Development Authority loan obtained in 2004 (loan #3922) relates to Nixon Avenue Water lines. Annual payments are \$2,812 for 25 years at 2.0% interest.

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

Year Ending December 31:	OWDA Loan #3103	OWDA Loan #2841	VCIF Loan	OPCW Loan	GO Bond	Mortgage Rev Bond
2006	\$4,382	\$5,591	\$2,450	\$2,500	\$2,190	\$62,085
2007	4,382	5,591	2,450	2,500	2,104	62,165
2008	4,382	5,591	2,450	2,500	2,118	61,990
2009	4,382	5,591	-	2,500	2,026	62,170
2010	4,382	5,591	-	2,500	2,034	62,085
2011 – 2015	21,910	27,955	-	12,500	4,433	310,440
2016 – 2020	17,532	8,390	-	12,500	-	310,485
2021 – 2025	-	-	-	5,000	-	310,430
2026 – 2029	-	-	-	-	-	176,965
	<u>\$61,352</u>	<u>\$64,300</u>	<u>\$7,350</u>	<u>\$42,500</u>	<u>\$14,905</u>	<u>\$1,418,815</u>

Year Ending December 31:	First State Bank	OWDA Loan #4106	OWDA Loan #3922
2006	\$1,951	\$2,500	\$2,812
2007	976	2,500	2,812
2008	-	2,500	2,812
2009	-	2,500	2,812
2010	-	2,500	2,812
2011 - 2015	-	12,500	14,060
2016 - 2020	-	-	14,060
2021 - 2025	-	-	14,060
2026 - 2029	-	-	9,834
	<u>\$2,927</u>	<u>\$25,000</u>	<u>\$66,074</u>

**VILLAGE OF PEEBLES  
ADAMS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. PERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**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.

# Bastin & Company, LLC

*Certified Public Accountants*

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Members of Village Council  
Village of Peebles  
34 South Nixon  
Peebles, Ohio 45660

We have audited the accompanying financial statements of the Village of Peebles, Adams County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 25, 2006, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

### **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 an opinion 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 reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 instances 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 items 2005-001 through 2005-003.

This report is intended solely for the information and use of management, Village Council and Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

*Bastin & Company, LLC*

Cincinnati, Ohio  
October 25, 2006

**VILLAGE OF PEBBLES  
ADAMS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINDING NUMBER 2005-001**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.41 (D), states that no subdivision or taxing authority unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same...has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officers’ certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council, if such expenditure is otherwise valid.

The Village Clerk did not certify the availability of funds for any of the commitments tested for 2004 and 2005.

**Village’s Response**

The Village concurs with the citation and will attempt to ensure that proper certification is obtained in the future.

**FINDING NUMBER 2005-002**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.39, states that the total appropriations from each fund should not exceed the total of estimated resources available (cash available at the beginning of the year plus estimated receipts for the year).

Appropriations exceeded estimated resources in the following fund during 2004 and 2005:

Fund	Estimated Resources	Appropriations	Variance
Police Levy Fund (2004)	\$45,632	\$47,002	(\$1,370)
Police Levy Fund (2005)	\$50,586	\$59,000	(\$8,414)

**Village’s Response**

The Village concurs with the citation and will attempt to monitor budgetary data more closely in the future.

**FINDING NUMBER 2005-003**

**Noncompliance Citation**

Ohio Revised Code Section 5705.41 (B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

Expenditures exceeded appropriations at the legal level of control in the following funds during 2004 and 2005.

Fund	Appropriations	Expenditures	Variance
<b>2004:</b>			
Street Construction & Maintenance Fund	\$40,020	\$67,966	(\$27,946)
State Highway Improvement Fund	3,200	11,204	(8,004)
Drug Law Enforcement Fund	120	1,064	(944)
Permissive Motor Vehicle Fund	13,500	20,226	(6,726)
Fire Fund	71,432	83,609	(12,177)
Real Estate Fund	-	5,581	(5,581)
VCIF Fund	2,448	2,450	(2)
OWDA Fund	-	75,850	(75,850)
<b>2005:</b>			
Fire Fund	102,000	102,079	(79)
Sewer Operating Fund	257,683	283,967	(26,284)
Sewer Reserve Fund	24,000	24,411	(411)
VCIF Fund	2,448	2,450	(2)
OWDA Fund	15,000	15,400	(400)

**Village's Response**

The Village concurs with the citation and will attempt to monitor budgetary data more closely in the future.

**VILLAGE OF PEBBLES  
ADAMS COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2003-001	Expenditures exceeded Appropriations for 2002 and 2003 noncompliance citation ORC section 5705.41	No	Condition existed during current audit period, reissued as finding 2005-003.
2003-002	Appropriations exceeded estimated resources noncompliance citation ORC section 5705.39	No	Condition existed during current audit period, reissued as finding 2005-002.
2003-003	Fiscal Officer certification noncompliance citation ORC, section 5705.41	No	Condition existed during current audit period, reissued as finding 2005-001.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF PEBBLES**

**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  
JANUARY 23, 2007**