

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008**





# Mary Taylor, CPA

Auditor of State

Members of Village Council  
Village of Peebles  
34 South Nixion  
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, 2008 through December 31, 2009. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 5, 2010

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**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditors' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2009.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Type For the Year Ended December 31, 2009.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Type For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements .....	7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings .....	21

# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Village Council  
Village of Peebles, Adams County, Ohio

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, 2009 and 2008. 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, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. 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, 2009 and 2008 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, 2009 and 2008, or their changes in financial position or cash flows, where applicable, 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 of the Village as of December 31, 2009 and 2008, 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, 2009 and 2008. 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 June 23, 2010, 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 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  
June 23, 2010

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<i>Cash Receipts:</i>			
Property and Local Taxes	\$ 121,828	\$ 71,356	\$ 193,184
Intergovernmental	36,752	108,678	145,430
Charges for Services	6,008	62,863	68,871
Fines, Licenses and Permits	41,740	336	42,076
Earnings on Investments	1,452	1,452	2,904
Miscellaneous	6,782	1,241	8,023
	<u>214,562</u>	<u>245,926</u>	<u>460,488</u>
<i>Cash Disbursements:</i>			
Current:			
General Government	117,857	-	117,857
Security of Persons and Property	96,636	109,774	206,410
Transportation	-	80,458	80,458
Debt Service:			
Redemption of Principal	1,125	4,350	5,475
Interest and Fiscal Charges	220	5,111	5,331
	<u>215,838</u>	<u>199,693</u>	<u>415,531</u>
Receipts Over (Under) Disbursements	(1,276)	46,233	44,957
Fund Cash Balances, January 1	<u>56,528</u>	<u>103,945</u>	<u>160,473</u>
Fund Cash Balances, December 31	<u>\$ 55,252</u>	<u>\$ 150,178</u>	<u>\$ 205,430</u>

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



**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
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, 2009**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<i>Operating Cash Receipts:</i>			
Charges for Services	\$ 730,864	\$ -	\$ 730,864
Total Operating Cash Receipts	730,864	-	730,864
<i>Operating Cash Disbursements:</i>			
Personal Services	316,830	-	316,830
Contractual Services	63,659	-	63,659
Supplies and Materials	231,894	-	231,894
Other	2,350	-	2,350
Total Operating Cash Disbursements	614,733	-	614,733
Operating Income	116,131	-	116,131
<i>Non-Operating Cash Receipts:</i>			
Intergovernmental Receipts	730,662	-	730,662
Earnings on Investments	65	-	65
Loan Proceeds	102,245	-	102,245
Other Non-Operating Receipts	-	31,666	31,666
Total Non-Operating Cash Receipts	832,972	31,666	864,638
<i>Non-Operating Cash Disbursements:</i>			
Redemption of Principal	37,876	-	37,876
Interest and Other Fiscal Charges	42,287	-	42,287
Capital Outlay	797,685	-	797,685
Other Non-Operating Disbursements	-	34,061	34,061
Total Non-Operating Cash Disbursements	877,848	34,061	911,909
Net Receipts Over (Under) Disbursements	71,255	(2,395)	68,860
Fund Cash Balances, January 1	220,966	4,627	225,593
Fund Cash Balances, December 31	<u>\$ 292,221</u>	<u>\$ 2,232</u>	<u>\$ 294,453</u>

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<i>Cash Receipts:</i>			
Property and Local Taxes	\$ 117,042	\$ 63,865	\$ 180,907
Intergovernmental	50,279	91,328	141,607
Charges for Services	5,159	55,934	61,093
Fines, Licenses and Permits	42,053	273	42,326
Earnings on Investments	1,171	1,170	2,341
Miscellaneous	8,593	274	8,867
	<u>224,297</u>	<u>212,844</u>	<u>437,141</u>
<i>Cash Disbursements:</i>			
Current:			
General Government	173,366	-	173,366
Security of Persons and Property	85,326	160,021	245,347
Transportation	-	81,071	81,071
Debt Service:			
Redemption of Principal	545	6,470	7,015
Interest and Fiscal Charges	124	7,803	7,927
	<u>259,361</u>	<u>255,365</u>	<u>514,726</u>
Receipts Over (Under) Disbursements	<u>(35,064)</u>	<u>(42,521)</u>	<u>(77,585)</u>
<i>Other Financing Receipts (Disbursements):</i>			
Sale of Bonds	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total Other Financing Receipts (Disbursements)	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(29,064)	(42,521)	(71,585)
Fund Cash Balances, January 1	<u>85,592</u>	<u>146,466</u>	<u>232,058</u>
Fund Cash Balances, December 31	<u>\$ 56,528</u>	<u>\$ 103,945</u>	<u>\$ 160,473</u>

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
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, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<i>Operating Cash Receipts:</i>			
Charges for Services	\$ 698,762	\$ -	\$ 698,762
Total Operating Cash Receipts	<u>698,762</u>	<u>-</u>	<u>698,762</u>
<i>Operating Cash Disbursements:</i>			
Personal Services	330,248	-	330,248
Contractual Services	90,256	-	90,256
Supplies and Materials	243,047	-	243,047
Other	1,700	-	1,700
Total Operating Cash Disbursements	<u>665,251</u>	<u>-</u>	<u>665,251</u>
Operating Income	<u>33,511</u>	<u>-</u>	<u>33,511</u>
<i>Non-Operating Cash Receipts:</i>			
Intergovernmental Receipts	20,716	-	20,716
Earnings on Investments	81	-	81
Other Non-Operating Receipts	-	37,049	37,049
Total Non-Operating Cash Receipts	<u>20,797</u>	<u>37,049</u>	<u>57,846</u>
<i>Non-Operating Cash Disbursements:</i>			
Redemption of Principal	37,309	-	37,309
Interest and Other Fiscal Charges	43,667	-	43,667
Capital Outlay	20,716	-	20,716
Other Non-Operating Disbursements	-	34,904	34,904
Total Non-Operating Cash Disbursements	<u>101,692</u>	<u>34,904</u>	<u>136,596</u>
Net Receipts Over (Under) Disbursements	(47,384)	2,145	(45,239)
Fund Cash Balances, January 1	<u>268,350</u>	<u>2,482</u>	<u>270,832</u>
Fund Cash Balances, December 31	<u>\$ 220,966</u>	<u>\$ 4,627</u>	<u>\$ 225,593</u>

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

*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.

*Sewer Plant Rehabilitation Fund* – Accounts for the sewer plant rehabilitation funding and costs and debt service activities.

**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* – This agency fund receives fines due the Village collected by the Mayor's Court.

**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  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

**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 2009 and 2008 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:

	2009	2008
Deposits:		
Demand deposits	\$499,883	\$386,066
Total deposits	\$499,883	\$386,066

**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 PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 226,450	\$ 214,562	\$ (11,888)
Special Revenue	465,150	245,926	(219,224)
Enterprise	1,832,239	1,563,836	(268,403)
Total	\$ 2,523,839	\$ 2,024,324	\$ (499,515)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 282,977	\$ 215,838	\$ 67,139
Special Revenue	292,075	199,693	92,382
Enterprise	1,899,293	1,492,581	406,712
Total	\$ 2,474,345	\$ 1,908,112	\$ 566,233

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 238,288	\$ 230,297	\$ (7,991)
Special Revenue	167,216	212,844	45,628
Enterprise	854,110	719,559	(134,551)
Total	\$ 1,259,614	\$ 1,162,700	\$ (96,914)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 304,000	\$ 259,361	\$ 44,639
Special Revenue	243,300	255,365	(12,065)
Enterprise	866,548	766,943	99,605
Total	\$ 1,413,848	\$ 1,281,669	\$ 132,179

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

**4. COMPLIANCE**

- Contrary to Ohio Rev. Code Section 5705.41(B) the following funds had expenditures which exceeded appropriations:

<u>Year/Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<i>2008</i>			
State Highway	\$3,700	\$6,650	(\$2,950)
Fire	95,600	97,881	(2,281)
Police Levy	45,000	63,810	(18,810)
Consumer Deposit	1,500	1,700	(200)
Sewer Reserve	30,000	30,870	(870)
Water Reserve	46,100	49,403	(3,303)
Sewer Plant Reserve	500	20,400	(19,900)
<i>2009</i>			
Water Reserve	52,000	52,909	(909)
Sewer Plant Reserve	-	3,200	(3,200)

- Contrary to Ohio Revised Code Section 5705.39 the following funds had appropriations in excess of estimated resources:

<u>Year/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<i>2008</i>			
Fire	\$75,899	\$95,600	(\$19,701)
Sewer	379,508	395,000	(15,492)
<i>2009</i>			
Sewer Reserve	45,919	56,000	(10,081)

- Contrary to Ohio Rev. Code Section 5705.36(A) (4) the Village did not obtain an amended certificate of estimated resources when actual resources available were known to be less than estimated resources. In addition, Ohio Revised Code Section 5705.36(A) (5) limits appropriations to estimated resources. As a result, appropriations exceeded actual resources available in the following funds

<u>Year/Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<i>2008</i>			
DUI	\$1,965	\$2,000	(\$35)
Sewer	343,033	395,000	(51,967)
<i>2009</i>			
General	271,090	282,977	(11,887)
Sewer	329,236	358,154	(28,918)
Sewer Reserve	45,919	56,000	(10,081)
Sewer Plant Rehabilitation	822,379	979,489	(157,110)

- Contrary to Ohio Rev. Code, Section 5705.41 (D), 74 percent of the expenditures tested did not contain the appropriate certification for the availability of funds and were not properly encumbered prior to incurring the obligation.



**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

**5. 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.

**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 2009 and 2008, 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 10 percent of their wages, respectively, for 2009 and 2008, while the Village contributed an amount equal to 14 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**7. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority #3103	\$32,611	5.77%
Ohio Water Development Authority #2841	38,575	2.00%
OPWC Sewer Line Rehab Loan #C019C	33,750	0.00%
USDA Firehouse General Obligation Bond	5,700	5.75%
USDA Mortgage Revenue Bonds	745,700	5.00%
Ohio Water Development Authority #3922	45,216	2.00%
Real Estate Bonds	76,480	6.00%
Ohio Water Development Authority #5084	92,932	1.50%
USDA 2008 Cruiser General Obligation Bond	4,330	4.25%
OPWC Sewer Plant Rehab #CT40L	39,000	0.00%
Total	<u>\$1,114,294</u>	

**VILLAGE OF PEEBLES**  
**ADAMS COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**  
**(continued)**

The Village was awarded Ohio Water Development Authority Loan #3103 in the amount of \$57,267. Proceeds from the loan were used to finance sewer system improvements. The Village is making semi-annual payments of \$2,191 with the final payment due July 1, 2019.

The Village was awarded Ohio Water Development Authority Loan #2841 in the amount of \$109,162. Proceeds from the loan were used to finance sewer system improvements. The Village is making semi-annual payments of \$2,796 with the final payment due January 1, 2017.

The Village was awarded Ohio Public Works Commission Loan #C019C in the amount of \$50,000. Proceeds from the loan were used to finance water collection system improvements. The Village is making semi-annual payments of \$1,250 with the final payment due January 1, 2023.

The Village issued general obligation bonds 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 Village issued mortgage revenue bonds 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.

The Village was awarded an Ohio Water Development Authority Loan #3922 in the amount of \$55,102. Proceeds from the loan were used to finance improvements to the Nixon Avenue water lines. The Village is making semi-annual payments of \$1,406 with the final payment due January 1, 2029.

The Village issued Real Estate Acquisition and Improvement Bonds in the amount of \$84,000 on September 1, 2006 for the acquisition and improvement of real estate. Annual payments vary according to the repayment schedule. A final balloon payment of \$74,338 will be due in 2011.

The Village was awarded an interest free Ohio Public Works Commission Loan #CT40L in the amount of \$39,000. Proceeds from the loan were used to finance wastewater treatment plant improvements. The Village is to make semi-annual payments of \$975 with the final payment due January 1, 2030.

The Village was awarded Ohio Water Development Authority Loan #5084 in the amount of \$161,500. Proceeds from the loan are to be used to finance wastewater plant improvements. As of December 31, 2009, the Village has used \$92,932 of the loan. The Village will be making semi-annual payments including interest at 1.5%, with the final payment currently scheduled for July 1, 2040. The loan status is open and therefore a repayment schedule has not been provided by OWDA.

The Ohio Water Development Authority Loan #4606 was approved in 2007 for \$27,081 for wastewater design. As of December 31, 2009, \$14,895 of the loan had been disbursed by OWDA. The loan interest rate is 0%. In 2009 principal of \$2,708 was paid by the Village on this loan. In 2009 the loan was closed and the balance \$12,187 was transferred to the new OWDA loan #5084.

The Village was awarded Ohio Water Development Authority Loan #4106 in the amount of \$25,000. Proceeds from the loan were used to finance engineering plans for improvements to the wastewater treatment system. The Village is making semi-annual payments of \$2,500 with the final payment due July 1, 2015. In 2009 the loan was closed and the balance of \$17,500 was transferred to the new OWDA loan #5084.

The Village was awarded Ohio Water Development Authority loan #2842 in the amount of \$24,500. Proceeds from the loan were used to perform a study to detect problems in water and sewer lines in order to meet EPA regulations. The loan was fully retired in 2008.

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

Amortization of the above debt, including interest, is scheduled below. Amortization of the Ohio Water Development Authority Loan #5084 is not reflected below as a final payment schedule has not been established due to the open status of the project

Year Ending December 31:	OWDA Loan #3103	OWDA Loan #2841	OPWC Loan #C019C	USDA Firehouse G.O. Bonds	USDA Mortgage Rev Bonds	OWDA Loan #3922
2010	\$4,382	\$5,591	\$2,500	\$2,034	\$62,085	\$2,812
2011	4,382	5,591	2,500	1,936	62,045	2,812
2012	4,382	5,591	2,500	1,938	62,145	2,812
2013	4,382	5,591	2,500	635	62,075	2,812
2014	4,382	5,591	2,500	-	62,040	2,812
2015 – 2019	21,912	13,978	12,500	-	310,535	14,058
2020 – 2024	-	-	9,750	-	310,390	14,058
2025 – 2029	-	-	-	-	221,450	12,652
2020 – 2034	-	-	-	-	-	-
	<u>\$43,822</u>	<u>\$41,933</u>	<u>\$33,750</u>	<u>\$6,543</u>	<u>\$1,170,405</u>	<u>\$54,828</u>

  

Year Ending December 31:	Real Estate Bonds	USDA 2008 Cruiser Bond	OPWC Loan #CT40L
2010	\$7,367	\$1,345	\$975
2011	78,036	1,345	1,950
2012	-	1,345	1,950
2013	-	672	1,950
2014	-	-	1,950
2015 - 2019	-	-	9,750
2020 - 2024	-	-	9,750
2025 - 2029	-	-	9,750
2030 - 2034	-	-	975
	<u>\$85,403</u>	<u>\$4,707</u>	<u>\$39,000</u>

**8. 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***

To the Members of Village Council  
Village of Peebles, Adams County, Ohio

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, 2009 and 2008, and have issued our report thereon dated June 23, 2010, 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-01 described in the accompanying schedule of findings to be a material weakness.

### **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, grant agreements and other matters, 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 that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as item 2009-02 through 2009-05

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We noted certain matters that we have reported to management of the Village in a separate letter dated June 23, 2010.

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

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

Cincinnati, Ohio  
June 23, 2010

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

**FINDING NUMBER 2009-01**

During the course of our audit, we identified misstatements in the financial statements presented for our audit that were not identified or corrected by the Village's internal control over financial reporting.

Prior to 2006, the Village utilized the UAN accounting system as its accounting system to process, record and report its activities. From 2006 forward, the Village reverted back to using a manual ledger as its sole set of books.

In order to file draft financial statements with the State of Ohio as required by the Ohio Revised Code, the Village manually completed a reporting form that detailed receipt and disbursement information by fund and by fund type. This reporting form was provided to us as a basis for our audit.

The audit disclosed that for both 2008 and 2009, data entered onto the reporting form materially misclassified amounts recorded by individual revenue and expenditure line items. In addition, while total amounts included on the reporting form equaled amounts reflected on the Village's manual ledgers, various grant and loan activity paid for on behalf of the Village by OPWC and OWDA were not recorded on the Village's ledgers. Therefore, unrecorded activities were not included in the financial report presented for audit.

For 2008 and 2009, approximately 25 adjusting entries were required for each year to reclassify revenues, disbursements and to record OPWC and OWDA activities. These adjustments affected substantially all funds of the Village and in the aggregate amounted to approximately \$461,000 for 2008 and \$1,589,000 for 2009. The adjustments resulted in no changes to year-end cash balances within the funds. Details for these adjustments have been provided to management for reference purposes.

The presentation of materially correct financial statements is the responsibility of management. We recommend that the Village implement control procedures that will identify, prevent, detect and correct potential misstatements in the financial statements. Procedures should include a review of revenue and expenditure classification to ensure appropriate functional line items are proper, debt principal and interest payments are individually identified and that all payments made on behalf of the Village by other entities are recorded. We further recommend that the Village consider re-utilizing the UAN accounting software as its financial system.

**Village's Response**

The Village concurs with the recommendation and will look into the use of the UAN system. Furthermore, a detailed review will be performed on future year's financial statements submitted to the State. Hopefully the majority of issues disclosed by the audit will be resolved in the future.

**FINDING NUMBER 2009-02**

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 2008 and 2009:

<u>Year/Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<i>2008</i>			
State Highway	\$3,700	\$6,650	(\$19,701)
Fire	95,600	97,881	(2,281)
Police Levy	45,000	63,810	(18,810)
Consumer Deposit	1,500	1,700	(200)
Sewer Reserve	30,000	30,870	(870)
Water Reserve	46,100	49,403	(3,303)
Sewer Plant Reserve	500	20,400	(19,900)
<i>2009</i>			
Water Reserve	52,000	52,909	(909)
Sewer Plant Reserve	-	3,200	(3,200)

**Village's Response**

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

**FINDING NUMBER 2009-03**

Ohio Revised Code Section 5705.39 states that no subdivision shall make appropriations in excess of estimated resources

Appropriations exceeded estimated resources at the legal level of control in the following funds during 2008 and 2009:

<u>Year/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<i>2008</i>			
Fire	\$75,899	\$95,600	(\$2,950)
Sewer	379,508	395,000	(15,492)
<i>2009</i>			
Sewer Reserve	45,919	56,000	(10,081)

**Village's Response**

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

## FINDING NUMBER 2009-04

Ohio Revised Code Section 5705.36(A)(4) requires the Village to obtain an amended certificate of estimated resources when actual resources available are known to be less than estimated resources. In addition, Ohio Revised Code Section 5705.36(A)(5) limits appropriations to estimated resources. As a result of obtaining a reduced certificate of estimated resources, appropriations would be required to be appropriately reduced to the revised level of available resources.

Appropriations exceeded actual resources available in the following funds which reflect noncompliance with the Ohio Revised Code requirements:

<u>Year/Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<i>2008</i>			
DUI	\$1,965	\$2,000	(\$35)
Sewer	343,033	395,000	(51,967)
<i>2009</i>			
General	271,090	282,977	(11,887)
Sewer	329,236	358,154	(28,918)
Sewer Reserve	45,919	56,000	(10,081)
Sewer Plant Rehabilitation	822,379	979,489	(157,110)

### Village's Response

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

## FINDING NUMBER 2009-05

Ohio Rev. Code, Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

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



2. Blanket Certificate - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified prior to the time of commitment in 74% of expenditures tested in 2008 and 2009 (37 of 50), nor did the Village use the aforementioned exceptions. We recommend that the fiscal officer certify that funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

### **Village’s Response**

The Village concurs with the citation and will work to ensure proper certification in the future.

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2007-01	Material Weakness over financial reporting, audit adjustments	No	Condition existed during current audit period, reissued as finding 2009-01.
2007-02	Expenditures exceeded appropriations, noncompliance citation ORC section 5705.41 (B)	No	Condition existed during current audit period, reissued as finding 2009-02.
2007-03	Fiscal Officer certification noncompliance citation ORC, section 5705.41 (D)	No	Condition existed during current audit period, reissued as finding 2009-05



**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  
NOVEMBER 4, 2010**