

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2013 AND 2012**





# Dave Yost • Auditor of State

Village Council  
Village of Peebles  
1 Simmons Avenue, PO Box 430  
Peebles, Ohio 45660

We have reviewed the *Independent Auditor's Report* of the Village of Peebles, Adams County, prepared by Bastin & Company, LLC, for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Peebles is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 27, 2014

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VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Village of Peebles  
Adams County  
1 Simmons Avenue, P.O. Box 430  
Peebles, Ohio 45660

To the Members of Village Council:

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

We have audited the accompanying financial statements and related notes of the Village of Peebles, Adams County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012.

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

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

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

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Peebles, Adams County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

Cincinnati, Ohio  
May 30, 2014



**VILLAGE OF PEBBLES  
ADAMS COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	(Memorandum Only)
<i>Cash Receipts:</i>			
Property and Local Taxes	\$ 143,028	\$ 76,461	\$ 219,489
Intergovernmental	60,409	77,531	137,940
Charges for Services	-	20,251	20,251
Fines, Licenses and Permits	60,924	31	60,955
Earnings on Investments	187	155	342
Miscellaneous	1,261	4,258	5,519
	<u>265,809</u>	<u>178,687</u>	<u>444,496</u>
<i>Cash Disbursements:</i>			
Current:			
General Government	127,481	-	127,481
Security of Persons and Property	95,954	162,556	258,510
Transportation	-	47,524	47,524
Debt Service:			
Redemption of Principal	658	5,268	5,926
Interest and Fiscal Charges	14	2,678	2,692
	<u>224,107</u>	<u>218,026</u>	<u>442,133</u>
Receipts Over (Under) Disbursements	41,702	(39,339)	2,363
<i>Other Financing Receipts (Disbursements):</i>			
Sale of Fixed Assets	-	3,079	3,079
	<u>-</u>	<u>3,079</u>	<u>3,079</u>
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>3,079</u>	<u>3,079</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	41,702	(36,260)	5,442
Fund Cash Balances, January 1	<u>90,038</u>	<u>238,111</u>	<u>328,149</u>
Fund Cash Balances, December 31:			
Restricted	-	201,851	201,851
Unassigned	131,740	-	131,740
	<u>131,740</u>	<u>-</u>	<u>131,740</u>
Fund Cash Balances, December 31	<u>\$ 131,740</u>	<u>\$ 201,851</u>	<u>\$ 333,591</u>

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCES (CASH BASIS) - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 765,884	\$ -	\$ 765,884
Total Operating Cash Receipts	<u>765,884</u>	<u>-</u>	<u>765,884</u>
<i>Operating Cash Disbursements:</i>			
Personal Services	247,946	-	247,946
Employee Fringe Benefits	19,644	-	19,644
Contractual Services	156,183	-	156,183
Supplies and Materials	275,055	-	275,055
Other	3,550	-	3,550
Total Operating Cash Disbursements	<u>702,378</u>	<u>-</u>	<u>702,378</u>
Operating Income	<u>63,506</u>	<u>-</u>	<u>63,506</u>
<i>Non-Operating Cash Receipts:</i>			
Loan Proceeds	29,153	-	29,153
Other Non-Operating Receipts	13,000	58,764	71,764
Total Non-Operating Cash Receipts	<u>42,153</u>	<u>58,764</u>	<u>100,917</u>
<i>Non-Operating Cash Disbursements:</i>			
Redemption of Principal	49,945	-	49,945
Interest and Other Fiscal Charges	38,341	-	38,341
Capital Outlay	47,973	-	47,973
Other Non-Operating Disbursements	-	63,443	63,443
Total Non-Operating Cash Disbursements	<u>136,259</u>	<u>63,443</u>	<u>199,702</u>
Net Receipts Over (Under) Disbursements	(30,600)	(4,679)	(35,279)
Fund Cash Balances, January 1	<u>236,461</u>	<u>7,305</u>	<u>243,766</u>
Fund Cash Balances, December 31	<u>\$ 205,861</u>	<u>\$ 2,626</u>	<u>\$ 208,487</u>

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	(Memorandum Only)
<i>Cash Receipts:</i>			
Property and Local Taxes	\$ 132,721	\$ 81,244	\$ 213,965
Intergovernmental	73,810	74,153	147,963
Charges for Services	-	72,827	72,827
Fines, Licenses and Permits	84,988	136	85,124
Earnings on Investments	315	315	630
Miscellaneous	2,876	4,276	7,152
	<u>294,710</u>	<u>232,951</u>	<u>527,661</u>
<i>Cash Disbursements:</i>			
Current:			
General Government	144,345	-	144,345
Security of Persons and Property	124,672	116,286	240,958
Transportation	-	83,160	83,160
Capital Outlay	-	55,658	55,658
Debt Service:			
Redemption of Principal	2,296	5,101	7,397
Interest and Fiscal Charges	753	2,144	2,897
	<u>272,066</u>	<u>262,349</u>	<u>534,415</u>
Receipts Over (Under) Disbursements	22,644	(29,398)	(6,754)
<i>Other Financing Receipts (Disbursements):</i>			
Loan Proceeds	-	19,205	19,205
Sale of Fixed Assets	-	40,757	40,757
	<u>-</u>	<u>59,962</u>	<u>59,962</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	22,644	30,564	53,208
Fund Cash Balances, January 1	<u>67,394</u>	<u>207,547</u>	<u>274,941</u>
Fund Cash Balances, December 31:			
Restricted	-	238,111	238,111
Unassigned	90,038	-	90,038
Fund Cash Balances, December 31	<u>\$ 90,038</u>	<u>\$ 238,111</u>	<u>\$ 328,149</u>

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCES (CASH BASIS) - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
<i>Operating Cash Receipts:</i>			
Charges for Services	\$ 804,589	\$ -	\$ 804,589
Total Operating Cash Receipts	<u>804,589</u>	<u>-</u>	<u>804,589</u>
<i>Operating Cash Disbursements:</i>			
Personal Services	230,111	-	230,111
Employee Fringe Benefits	68,500	-	68,500
Contractual Services	151,856	-	151,856
Supplies and Materials	258,295	-	258,295
Other	22,577	-	22,577
Total Operating Cash Disbursements	<u>731,339</u>	<u>-</u>	<u>731,339</u>
Operating Income	<u>73,250</u>	<u>-</u>	<u>73,250</u>
<i>Non-Operating Cash Receipts:</i>			
Loan Proceeds	13,933	-	13,933
Other Non-Operating Receipts	-	49,907	49,907
Total Non-Operating Cash Receipts	<u>13,933</u>	<u>49,907</u>	<u>63,840</u>
<i>Non-Operating Cash Disbursements:</i>			
Redemption of Principal	46,848	-	46,848
Interest and Other Fiscal Charges	38,877	-	38,877
Capital Outlay	28,933	-	28,933
Other Non-Operating Disbursements	-	45,270	45,270
Total Non-Operating Cash Disbursements	<u>114,658</u>	<u>45,270</u>	<u>159,928</u>
Net Receipts Over (Under) Disbursements	(27,475)	4,637	(22,838)
Fund Cash Balances, January 1	<u>263,936</u>	<u>2,668</u>	<u>266,604</u>
Fund Cash Balances, December 31	<u>\$ 236,461</u>	<u>\$ 7,305</u>	<u>\$ 243,766</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, 2013 AND 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Peebles, Adams County, Ohio, (the Village) as a body corporate and politic. 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. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

*Police Levy Fund* - This fund receives tax money for the operation of the police department.

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(continued)**

**3. Enterprise Funds**

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

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

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

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following Fiduciary Fund:

*Mayor's Court Fund* - This fund receives fines and forfeitures collected by Mayor's Court which are distributed to the Village and State.

**D. 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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(continued)**

**E. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

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

**5. Unassigned**

Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(continued)**

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

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

	<u>2013</u>	<u>2012</u>
Demand deposits	<u>\$542,078</u>	<u>\$571,915</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 292,575	\$ 265,809	\$ (26,766)
Special Revenue	272,600	181,766	(90,834)
Enterprise	783,901	808,037	24,136
Total	\$ 1,349,076	\$ 1,255,612	\$ (93,464)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 306,600	\$ 224,107	\$ 82,493
Special Revenue	393,600	218,026	175,574
Enterprise	976,611	838,637	137,974
Total	\$ 1,676,811	\$ 1,280,770	\$ 396,041



**VILLAGE OF PEBBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(continued)**

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 313,650	\$ 294,710	\$ (18,940)
Special Revenue	252,200	292,913	40,713
Enterprise	815,712	818,522	2,810
Total	\$ 1,381,562	\$ 1,406,145	\$ 24,583

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 286,500	\$ 272,066	\$ 14,434
Special Revenue	320,400	262,349	58,051
Enterprise	873,212	845,997	27,215
Total	\$ 1,480,112	\$ 1,380,412	\$ 99,700

**4. COMPLIANCE**

- Contrary to Ohio Revised Code Section 5705.41(B), two funds during 2012 had expenditures in excess of appropriations.
- Contrary to Ohio Revised Code Section 5705.39, four funds during 2013 had appropriations in excess of estimated resources.
- Contrary to Ohio Revised Code Section 5705.10(I), one fund in 2012 and one fund in 2013 had a negative fund balance.
- Contrary to Ohio Revised 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, or any amendments thereof. As a result, appropriations exceeded actual resources available in four funds during 2013 and two funds during 2012.
- Contrary to Ohio Revised Code Sections 733.40 and 2949.091 the distribution of Mayor's Court funds were not made in a timely manner.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(continued)**

**6. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority #3103	\$ 21,707	5.77%
Ohio Water Development Authority #2841	18,709	2.00%
OPWC Sewer Line Rehab Loan #C019C	23,750	0.00%
USDA Mortgage Revenue Bonds	638,800	5.00%
Ohio Water Development Authority #3922	37,314	2.00%
Ohio Water Development Authority #5084	125,157	1.50%
OPWC Sewer Plant Rehab #CT40L	32,175	0.00%
Real Estate Refunding Bonds	60,290	4.00%
First State Bank Dodge Truck	14,973	2.99%
Ohio Water Development Authority #6277	43,086	3.74%
Total	<u>\$1,015,961</u>	

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 USDA 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 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 was awarded Ohio Water Development Authority Loan #5084 in the amount of \$136,196. Proceeds from the loan were used to finance improvements to the waste water treatment plant. The Village is making semi-annual payments of \$2,827 with the final payment due July 1, 2040.

The Village was awarded 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.

During 2012, the Village issued Real Estate Acquisition and Improvement Refunding Bonds in the amount of \$76,468 to refinance the remaining balance from of a 2006 Real Estate Acquisition and Improvement Bond issue. Proceeds from the 2006 issue were used for the acquisition and improvement

**VILLAGE OF PEBBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(continued)**

of real estate. Semi-annual payments on the 2012 issue vary according to the repayment schedule. A final balloon payment of \$58,082 plus interest is due on August 15, 2014.

The Village financed \$19,205 for the purchase of a Dodge truck through First State Bank in November of 2012. The sixty monthly payments of \$345 are due on the first of each month.

The Village was awarded Ohio Water Development Authority Loan #6277 in the amount of \$47,100. Proceeds from the loan were used to finance a water collection system design project. The Village will repay the loans in semiannual installments at an annual percentage rate of 3.74%. As of December 31, 2013, \$43,086 has been drawn down on this loan. A future repayment amortization schedule of the loan is not currently available due to the interim nature of the project.

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

Year ending December 31:	OWDA Loan #3103	OWDA Loan #2841	OWPC Loan #C019C	First State Bank Dodge Truck	USDA Revenue Bonds	OWDA Loan #3922
2013	\$ 4,382	\$ 5,591	\$ 2,500	\$ 4,139	\$ 62,040	\$ 2,812
2014	4,382	5,591	2,500	4,139	62,135	2,812
2015	4,382	5,591	2,500	4,139	62,050	2,812
2016	4,382	2,796	2,500	4,139	62,090	2,812
2017	4,382	-	2,500	3,452	62,045	2,812
2018-2023	4,382	-	11,250	-	310,525	14,058
2024-2028	-	-	-	-	265,890	14,058
2029-2033	-	-	-	-	35,280	1,405
<b>Total</b>	<b>\$ 26,292</b>	<b>\$ 19,569</b>	<b>\$ 23,750</b>	<b>\$ 20,008</b>	<b>\$ 922,055</b>	<b>\$ 43,581</b>

Year ending December 31:	OWDA Loan #5084	Real Estate Refunding Bonds	OPWC Loan CT40L	Total
2014	\$ 5,654	\$ 62,658	\$ 1,950	\$ 151,726
2015	5,654	-	1,950	89,163
2016	5,654	-	1,950	89,078
2017	5,654	-	1,950	86,323
2018	5,654	-	1,950	82,795
2019-2023	28,272	-	9,750	378,237
2024-2028	28,272	-	9,750	317,970
2029-2033	28,272	-	2,925	67,882
2034-2038	28,272	-	-	28,272
2039-2043	11,308	-	-	11,308
<b>Total</b>	<b>\$ 152,666</b>	<b>\$ 62,658</b>	<b>\$ 32,175</b>	<b>\$ 1,302,754</b>

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(continued)**

**7. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For January 2012 through June 2013, OP&F participants contributed 10 percent of their gross wages. For July 2013 through December 2013, OP&F participants contributed 10.75 percent of their gross wages. The Village contributed an amount equal to 19.5 percent of police members' wages. For 2013 and 2012, OPERS member contributed 10 percent of their gross wages and the Village contributed an amount equal to 14 percent of participants' gross wages. The Village has paid all contributions required through December 31, 2013.

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

# Bastin & Company, LLC

*Certified Public Accountants*

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

Village of Peebles  
Adams County  
1 Simmons Avenue, P.O. Box 430  
Peebles, Ohio 45660

To the Members of Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Peebles, Adams County, Ohio, (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

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

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

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-01 described in the accompanying schedule of findings to be a material weakness.

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

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2013-02 through 2013-06.

***Entity's Response to Findings***

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.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Bastin & Company, LLC". The signature is written in a cursive style and is centered within a light gray rectangular box.

Cincinnati, Ohio  
May 30, 2014

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

**FINDING NUMBER 2013-01**

Material Weakness - Financial Reporting

We identified misstatements in the financial statements that were not initially identified by the Village's internal control. Numerous audit adjustments were necessary to correct errors in the Village's financial statements. In summary, the adjustments made are as follows:

- Audit adjustments for 2012 and 2013 totaling \$512,412 and \$248,148, respectively, were necessary to properly classify receipts to proper line items in various funds of the Village.
- Audit adjustments for 2012 and 2013 totaling \$119,732 and \$116,721, respectively, were necessary to properly classify expenditures to proper line items in various funds of the Village.
- Audit adjustments for 2012 and 2013 totaling \$33,138 and \$29,153, respectively, were necessary to reflect OWDA and First State Bank loan proceeds and related expenditures for payments made on-behalf of the Village by OWDA directly to vendors and for capital related items acquired under the loan.
- Audit adjustments for 2012 were required to properly reflect the beginning of the year fund cash balance for the majority of funds as a result of the Village loading incorrect beginning of the year balances into the accounting system. Amounts loaded as of January 1, 2012 did not agree to prior year audited or balances that were equal to amounts contained in the accounting system as of December 31, 2011. For 2013, the January 1, 2013 balances loaded into the accounting system were different than the ending system balances as of December 31, 2012 for several funds.
- Audit adjustments for 2013 were required to correct for \$29,012 of payments made to the General Fund from the Village's Mayor's Court. The Village had established a Mayor's Court agency-type fund to account for the receipt and disbursement activities of the Mayors Court; however payments to the Village's General Fund were incorrectly posted to this fund instead of the General Fund.

The presentation of materially correct financial statements is the responsibility of management. Properly presented financial statements demonstrate the Village's financial accountability to the public and to the Village Council. The Village should implement internal control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

**Village's Response**

The Village concurs with the recommendation and will put in place controls to monitor the classification of receipts and disbursements within the financial reporting system. Furthermore, a detailed review will be performed on future year's financial statements submitted to the State.

**FINDING NUMBER 2013-02**

Noncompliance Citation - Budgetary

Ohio Revised Code Section 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. The following funds had expenditures that exceeded appropriations:

<u>Year/Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
2012			
Water Operating	\$416,000	\$426,622	(\$10,622)
Sewer Reserve	30,000	32,101	(2,101)

**Village's Response**

The Village will more closely monitor appropriated amounts compared to expenditures to ensure compliance.

**FINDING NUMBER 2013-03**

Noncompliance Citation - Budgetary

Ohio Revised Code Section 5705.39 prohibits appropriations in excess of estimated resources. The following funds had appropriations that exceeded estimated resources:

<u>Year/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
2013			
Water Operating	\$441,113	\$445,300	(\$4,187)
Sewer Operating	383,862	393,300	(9,438)
Sewer Reserve	31,292	58,610	(27,318)
Enterprise Improvement	-	13,500	(13,500)

**Village's Response**

The Village will more closely monitor estimated resources compared to appropriated amounts to ensure compliance.

**FINDING NUMBER 2013-04**

Noncompliance Citation - Budgetary

Ohio Revised Code Section 5705.36(A)(4) requires that when it is known that actual resources will be less than currently estimated resources, and the deficiency will reduce available resources below the current level of appropriation, an amended certificate of estimated resources should be obtained to reduce estimated resources available for appropriation. In addition, Ohio Revised Code Section 5705.36(A)(5) limits appropriations to estimated resources, or any amendments thereof.

The following funds had estimated resources available that exceeded actual resources available, and the deficiency reduced available resources below the current level of appropriation contrary to Ohio Revised Code Section 5705.36(A)(4) and Ohio Revised Code Section 5705.36(A)(5):



<u>Year/Fund</u>	<u>Actual Resources Available</u>	<u>Appropriations</u>	<u>Variance</u>
<i>2013</i>			
Fire	\$175,688	\$229,000	(\$53,312)
Police Levy	61,623	62,000	(377)
Water Operating	443,377	445,300	(1,923)
Enterprise Improvement	8,485	13,500	(5,015)
<i>2012</i>			
Police Levy	42,481	43,900	(1,419)
Water Emergency	10,500	19,000	(8,500)

**Village's Response**

The Village will more closely monitor actual resources compared to appropriated amounts to ensure compliance.

**FINDING NUMBER 2013-05**

Noncompliance Citation – Deficit Balances

Ohio Revised Code Section 5705.10(I) provides that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Enterprise Improvement Fund had a negative fund cash balance at December 31, 2013 of \$5,015, and the Water Emergency Fund had a negative fund cash balance at December 31, 2012 of \$4,500.

We recommend that money paid into a fund be used only for the purpose for which such fund was established and that the Village monitor receipts, expenditures and fund cash balances to ensure that funds are available prior to expenditures being made.

**Village's Response**

The Village will more closely monitor actual expenditures to ensure compliance.

**FINDING NUMBER 2013-06**

Noncompliance Citation – Mayor's Court Distributions

Ohio Revised Code Sections 733.40 and 2949.091 establish time requirements for the distribution of Mayor's Court funds to the Village's general operating fund and to the State of Ohio. During 2012 and 2013, distributions were not made in a timely manner.

We recommend the Mayor's Court Clerk pay all monies collected to the Village and to the State by the required due dates.

**Village's Response**

The Village will more closely monitor actual amounts paid by the court for timeliness to ensure compliance.

**VILLAGE OF PEEBLES  
ADAMS COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2011-01	Material Weakness over financial reporting, audit adjustments	No	Condition existed during current audit period, reissued as finding 2013-01.
2011-02	ORC Section 5705.41(B) expenditures exceeded appropriations.	No	Condition existed during current audit period, reissued as finding 2013-02.
2011-03	ORC Section 5705.39 appropriations exceeded estimated resources.	No	Condition existed during current audit period, reissued as finding 2013-03.
2011-04	ORC Section 5705.36(A)(4) amended certificate not obtained.	No	Condition existed during current audit period, reissued as finding 2013-04.
2011-05	ORC section 5705.41(D) Fiscal Officer certification.	Yes	Condition corrected.



# Dave Yost • Auditor of State

**VILLAGE OF PEEBLES**

**ADAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 9, 2014**