

VILLAGE OF PEEBLES, OHIO
ADAMS COUNTY

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**



Dave Yost • Auditor of State

Village Council
Village of Peebles
101 North Miami Avenue
Peebles, Ohio 45002

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, 2016 through December 31, 2017. 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

July 24, 2018

This page intentionally left blank.

VILLAGE OF PEEBLES, OHIO
ADAMS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2017.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2017.....	4
Notes to the Financial Statements for the Year Ended December 31, 2017	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016.....	13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2016.....	14
Notes to the Financial Statements for the Year Ended December 31, 2016	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	24
Schedule of Findings.....	26
Summary Schedule of Prior Audit Findings	28

This page intentionally left blank.

Bastin & Company, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Peebles
Adams County
101 North Miami Avenue
Peebles, Ohio 45002

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Peebles, Adams County, (the Village), as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Peebles, Adams County as of December 31, 2017 and 2016, 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 2.

Emphasis of Matter

As discussed in Note 11 to the 2016 financial statements, the Village restated prior reported fund cash balances related to voiding duplicate checks issued in prior years that should have been voided. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018, 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, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
June 27, 2018

Village of Peebles, Ohio
Adams County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 155,611	\$ 72,718	\$ 228,329
Intergovernmental	44,955	165,185	210,140
Charges for Services	-	46,000	46,000
Fines, Licenses and Permits	49,951	-	49,951
Earnings on Investments	184	139	323
Miscellaneous	5,064	15,305	20,369
<i>Total Cash Receipts</i>	<u>255,765</u>	<u>299,347</u>	<u>555,112</u>
Cash Disbursements			
Current:			
Security of Persons and Property	109,613	198,755	308,368
Leisure Time Activities	-	4,320	4,320
Transportation	-	77,845	77,845
General Government	130,910	1,416	132,326
Debt Service:			
Principal Retirement	-	5,278	5,278
Interest and Fiscal Charges	-	1,622	1,622
<i>Total Cash Disbursements</i>	<u>240,523</u>	<u>289,236</u>	<u>529,759</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,242</u>	<u>10,111</u>	<u>25,353</u>
Other Financing Receipts (Disbursements)			
Sale of Fixed Assets	-	5,302	5,302
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>5,302</u>	<u>5,302</u>
<i>Net Change in Fund Cash Balances</i>	15,242	15,413	30,655
<i>Fund Cash Balances, January 1</i>	<u>175,241</u>	<u>220,662</u>	<u>395,903</u>
Fund Cash Balances, December 31			
Restricted	-	236,075	236,075
Unassigned (Deficit)	190,483	-	190,483
<i>Fund Cash Balances, December 31</i>	<u>\$ 190,483</u>	<u>\$ 236,075</u>	<u>\$ 426,558</u>

See accompanying notes to the basic financial statements

Village of Peebles, Ohio
Adams County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 795,665	\$ -	\$ 795,665
Miscellaneous	21,313	-	21,313
<i>Total Operating Cash Receipts</i>	<u>816,978</u>	<u>-</u>	<u>816,978</u>
Operating Cash Disbursements			
Personal Services	210,430	-	210,430
Employee Fringe Benefits	72,086	-	72,086
Contractual Services	436,948	-	436,948
Other	2,420	-	2,420
<i>Total Operating Cash Disbursements</i>	<u>721,884</u>	<u>-</u>	<u>721,884</u>
<i>Operating Income (Loss)</i>	<u>95,094</u>	<u>-</u>	<u>95,094</u>
Non-Operating Receipts (Disbursements)			
Loans Issued	1,234	-	1,234
Capital Outlay	(1,234)	-	(1,234)
Principal Retirement	(79,449)	-	(79,449)
Interest and Other Fiscal Charges	(42,168)	-	(42,168)
Other Financing Sources	-	31,753	31,753
Other Financing Uses	-	(41,304)	(41,304)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(121,617)</u>	<u>(9,551)</u>	<u>(131,168)</u>
<i>Net Change in Fund Cash Balances</i>	(26,523)	(9,551)	(36,074)
<i>Fund Cash Balances, January 1</i>	<u>381,528</u>	<u>10,727</u>	<u>392,255</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 355,005</u>	<u>\$ 1,176</u>	<u>\$ 356,181</u>

See accompanying notes to the basic financial statements

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The Village of Peebles (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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.

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.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Capital Assets

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

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.

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:

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

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.

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.

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.

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, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 243,670	\$ 255,765	\$ 12,095
Special Revenue	237,734	304,649	66,915
Enterprise	673,000	818,212	145,212
Total	\$ 1,154,404	\$ 1,378,626	\$ 224,222

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 411,290	\$ 240,523	\$ 170,767
Special Revenue	406,494	289,236	117,258
Enterprise	1,003,307	844,735	158,572
Total	\$ 1,821,091	\$ 1,374,494	\$ 446,597

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$782,739

Deposits

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS).

Note 5 – Taxes

Property Taxes

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.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

Note 6 – Risk Management

The Village has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village's employees, other than certified Fire Fighters and full-time Police Officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority #3103	\$ 8,062	5.77%
Ohio Water Development Authority #6721	195,113	2.00%
Ohio Water Development Authority #3922	28,757	2.00%
Ohio Water Development Authority #6277	39,052	3.74%
Ohio Water Development Authority #5084	109,646	1.50%
OPWC Sewer Line Rehab Loan #C019C	12,500	0.00%
OPWC Sewer Plant Rehab #CT40L	23,400	0.00%
USDA Mortgage Revenue Bonds	508,900	5.00%
Real Estate Refunding Bonds	42,543	3.50%
First State Bank Dodge Truck	7,466	2.79%
Caterpillar Financial	26,140	2.69%
Total	<u>\$1,001,579</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 #6721 in the amount of \$211,008. Proceeds from the loan were used to finance a waterline replacement. The Village will repay the loans in semiannual installments of \$4,694 including interest at the rate of 2.00% beginning July 1, 2017, with the final payment due July 1, 2044.

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 #6277 in the amount of \$49,131. 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%. Loan terms call for a balloon final payment in 2018.

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 #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 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.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

During 2014, the Village issued Real Estate Acquisition and Improvement Refunding Bonds in the amount of \$58,001 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 of real estate. Semi-annual payments on the 2014 issue vary according to the repayment schedule. A final balloon payment of \$34,281 plus interest is due on August 15, 2019.

The Village financed \$18,984 for the purchase of a Dodge truck through First State Bank in August of 2014. The sixty-six monthly payments of \$311 including interest at 2.79% are due on the fourteenth of each month.

The Village financed \$64,528 for the purchase of a Caterpillar 415F2 through Caterpillar Financial Service Corporation. The five annual payments of \$13,599 including interest at 2.69% are due on the first day September.

This Space Intentionally Left Blank.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

Year ending December 31:	OWDA Loan #3103	OWDA Loan #6721	OWDA Loan #3922	OWDA #6277	OWDA Loan #5084	OWPC Loan #C019C
2018	\$ 4,240	\$ 9,388	\$ 2,812	\$ 39,052	\$ 5,654	\$ 2,500
2019	4,309	9,388	2,812	-	5,654	2,500
2020	-	9,388	2,812	-	5,654	2,500
2021	-	9,388	2,812	-	5,654	2,500
2022	-	9,388	2,812	-	5,654	2,500
2023-2027	-	46,938	14,058	-	28,270	-
2028-2032	-	46,938	4,217	-	28,270	-
2033-2037	-	46,938	-	-	28,270	-
2038-2042	-	46,938	-	-	16,963	-
2043-2047	-	18,775	-	-	-	-
Total	\$ 8,549	\$ 253,467	\$ 32,335	\$ 39,052	\$ 130,043	\$ 12,500

Year ending December 31:	OPWC Loan CT40L	USDA Revenue Bonds	Real Estate Refunding Bonds	First State Bank Dodge Truck	Caterpillar Financial	Total
2018	\$ 1,950	\$ 62,045	\$ 6,953	\$ 3,727	\$ 13,599	\$ 151,920
2019	1,950	62,215	38,377	3,727	13,599	\$ 144,531
2020	1,950	62,085	-	2,174	-	\$ 86,563
2021	1,950	62,065	-	-	-	\$ 84,369
2022	1,950	62,145	-	-	-	\$ 84,449
2023-2027	9,750	310,305	-	-	-	\$ 409,321
2028-2032	3,900	52,880	-	-	-	\$ 136,205
2033-2037	-	-	-	-	-	\$ 75,208
2038-2042	-	-	-	-	-	\$ 63,901
2043-2047	-	-	-	-	-	\$ 18,775
Total	\$ 23,400	\$ 673,740	\$ 45,330	\$ 9,628	\$ 27,198	\$ 1,255,242

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Peebles, Ohio
Adams County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 153,124	\$ 70,578	\$ 223,702
Intergovernmental	45,344	106,953	152,297
Charges for Services	-	46,164	46,164
Fines, Licenses and Permits	37,409	-	37,409
Earnings on Investments	230	78	308
Miscellaneous	4,310	3,997	8,307
<i>Total Cash Receipts</i>	<u>240,417</u>	<u>227,770</u>	<u>468,187</u>
Cash Disbursements			
Current:			
Security of Persons and Property	83,116	134,153	217,269
Leisure Time Activities	-	2,220	2,220
Transportation	-	50,428	50,428
General Government	162,747	-	162,747
Debt Service:			
Principal Retirement	-	5,093	5,093
Interest and Fiscal Charges	-	1,806	1,806
<i>Total Cash Disbursements</i>	<u>245,863</u>	<u>193,700</u>	<u>439,563</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(5,446)	34,070	28,624
<i>Fund Cash Balances, January 1 - restated</i>	<u>180,687</u>	<u>186,592</u>	<u>367,279</u>
Fund Cash Balances, December 31			
Restricted	-	220,662	220,662
Unassigned (Deficit)	175,241	-	175,241
<i>Fund Cash Balances, December 31</i>	<u>\$ 175,241</u>	<u>\$ 220,662</u>	<u>\$ 395,903</u>

See accompanying notes to the basic financial statements

Village of Peebles, Ohio
Adams County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 808,647	\$ -	\$ 808,647
Miscellaneous	3,342	-	3,342
<i>Total Operating Cash Receipts</i>	<u>811,989</u>	<u>-</u>	<u>811,989</u>
Operating Cash Disbursements			
Personal Services	226,996	-	226,996
Employee Fringe Benefits	60,223	-	60,223
Contractual Services	410,230	-	410,230
Other	1,350	-	1,350
<i>Total Operating Cash Disbursements</i>	<u>698,799</u>	<u>-</u>	<u>698,799</u>
<i>Operating Income (Loss)</i>	<u>113,190</u>	<u>-</u>	<u>113,190</u>
Non-Operating Receipts (Disbursements)			
Loans Issued	1,326	-	1,326
Capital Outlay	(1,326)	-	(1,326)
Principal Retirement	(81,090)	-	(81,090)
Interest and Other Fiscal Charges	(39,974)	-	(39,974)
Other Financing Sources	-	30,810	30,810
Other Financing Uses	-	(36,275)	(36,275)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(121,064)</u>	<u>(5,465)</u>	<u>(126,529)</u>
<i>Net Change in Fund Cash Balances</i>	(7,874)	(5,465)	(13,339)
<i>Fund Cash Balances, January 1 - restated</i>	<u>389,402</u>	<u>16,192</u>	<u>405,594</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 381,528</u>	<u>\$ 10,727</u>	<u>\$ 392,255</u>

See accompanying notes to the basic financial statements

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The Village of Peebles (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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.

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.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Capital Assets

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

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.

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:

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

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.

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.

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.

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, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 275,020	\$ 240,417	\$ (34,603)
Special Revenue	170,300	227,770	57,470
Enterprise	824,100	813,315	(10,785)
Total	\$ 1,269,420	\$ 1,281,502	\$ 12,082

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 321,000	\$ 245,863	\$ 75,137
Special Revenue	301,602	193,700	107,902
Enterprise	954,714	821,189	133,525
Total	\$ 1,577,316	\$ 1,260,752	\$ 316,564

Note 4 – Deposits and Investments

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

	2016
Demand deposits	\$788,158

Deposits

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

Note 5 – Taxes

Property Taxes

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.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

Note 6 – Risk Management

The Village has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village's employees, other than certified Fire Fighters and full-time Police Officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority #3103	\$ 11,765	5.77%
Ohio Water Development Authority #6721	200,517	2.00%
Ohio Water Development Authority #3922	30,961	2.00%
Ohio Water Development Authority #6277	40,193	3.74%
Ohio Water Development Authority #5084	113,611	1.50%
Ohio Water Development Authority #2841	2,742	2.00%
OPWC Sewer Line Rehab Loan #C019C	15,000	0.00%
OPWC Sewer Plant Rehab #CT40L	25,350	0.00%
USDA Mortgage Revenue Bonds	543,800	5.00%
Real Estate Refunding Bonds	47,821	4.00%
First State Bank Dodge Truck	11,214	2.79%
First State Bank Dodge Truck	3,399	2.99%
Caterpillar Financial	38,699	2.69%
Total	<u>\$1,085,072</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 #6721 in the amount of \$211,008. Proceeds from the loan were used to finance a waterline replacement. The Village will repay the loans in semiannual installments of \$4,694 including interest at the rate of 2.00% beginning July 1, 2017, with the final payment due July 1, 2044.

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 #6277 in the amount of \$49,131. 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%. Loan terms call for a balloon final payment in 2018.

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 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.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 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.

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.

During 2014, the Village issued Real Estate Acquisition and Improvement Refunding Bonds in the amount of \$58,001 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 of real estate. Semi-annual payments on the 2014 issue vary according to the repayment schedule. A final balloon payment of \$34,281 plus interest is due on August 15, 2019.

The Village financed \$18,984 for the purchase of a Dodge truck through First State Bank in August of 2014. The sixty-six monthly payments of \$311 including interest at 2.79% are due on the fourteenth of each month.

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 including interest at 2.99% are due on the first of each month.

The Village financed \$64,528 for the purchase of a Caterpillar 415F2 through Caterpillar Financial Service Corporation. The five annual payments of \$13,599 including interest at 2.69% are due on the first day September.

This Space Intentionally Left Blank.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

Year ending December 31:	OWDA							OWPC Loan #C019C
	Loan #3103	OWDA Loan #6721	OWDA Loan #3922	OWDA Loan #6277	OWDA Loan #5084	OWDA Loan #2841		
2017	\$ 4,174	\$ 9,388	\$ 2,812	\$ 2,375	\$ 5,654	\$ 2,796	\$ 2,500	
2018	4,240	9,388	2,812	39,052	5,654	-	2,500	
2019	4,309	9,388	2,812	-	5,654	-	2,500	
2020	-	9,388	2,812	-	5,654	-	2,500	
2021	-	9,388	2,812	-	5,654	-	2,500	
2022-2026	-	46,938	14,058	-	28,270	-	2,500	
2027-2031	-	46,938	7,029	-	28,270	-	-	
2032-2036	-	46,938	-	-	28,270	-	-	
2037-2041	-	46,938	-	-	22,617	-	-	
2042-2046	-	9,388	-	-	-	-	-	
Total	\$ 12,723	\$ 244,080	\$ 35,147	\$ 41,427	\$ 135,697	\$ 2,796	\$ 15,000	

Year ending December 31:	OPWC	USDA	Real Estate	Bank Dodge	First State	Caterpillar Fiancial	Total
	Loan CT40L	Revenue Bonds	Refunding Bonds	Truck #1141	Bank Truck #33259		
2017	\$ 1,950	\$ 62,090	\$ 6,952	\$ 3,727	\$ 3,449	\$ 13,599	\$ 121,466
2018	1,950	62,045	6,953	3,727	-	13,599	151,920
2019	1,950	62,215	38,377	3,727	-	13,599	144,531
2020	1,950	62,085	-	2,174	-	-	86,563
2021	1,950	62,065	-	-	-	-	84,369
2022-2026	9,750	310,410	-	-	-	-	411,926
2027-2031	5,850	114,920	-	-	-	-	203,007
2032-2036	-	-	-	-	-	-	75,208
2037-2041	-	-	-	-	-	-	69,555
2042-2046	-	-	-	-	-	-	9,388
Total	\$ 25,350	\$ 735,830	\$ 52,282	\$ 13,355	\$ 3,449	\$ 40,797	\$ 1,357,933

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Peebles, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 11 – Restated Prior Reported Amounts

Amounts previously reported for the Village’s General, Special Revenue and Enterprise Fund types have been restated to properly report fund cash balances.

The Village has determined that amounts included in the outstanding check list used to reconcile the books of account as of December 31, 2015 contained amounts that should have been voided since they represented duplicate checks written.

The adjustments had the following effect to the January 1, 2016 balances:

	<u>General Fund</u>	<u>Special Revenue Fund Type</u>	<u>Enterprise Fund Type</u>
Amounts previously reported as of December 31, 2015	\$176,883	\$181,743	\$357,235
Voiding of duplicate prior year checks	<u>3,804</u>	<u>4,849</u>	<u>32,167</u>
Amounts reported as of January 1, 2016	<u>\$180,687</u>	<u>\$186,592</u>	<u>\$389,402</u>

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
101 North Miami Avenue
Peebles, Ohio 45002

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Peebles, Adams County, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 27, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and restated prior reported fund cash balances.

Internal Controls 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings, that we consider a material weakness. We consider finding 2017-01 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

Cincinnati, Ohio
June 27, 2018

Village of Peebles, Ohio
Adams County
Schedule of Findings
December 31, 2017 and 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

Finding Number 2017-01 – Audit Adjustments

Material Weakness - Financial Reporting

The following audit adjustments were made to the financial statements that were not initially identified by the Village's internal control:

- During 2017, the Village posted prior audit adjustments totaling \$2,012 and voided duplicate outstanding checks recorded before January 1, 2016 totaling \$40,820. These adjustments, totaling \$42,832, were recorded in various funds to the opening fund cash balances as of January 1, 2017 instead of to the opening fund cash balances as of January 1, 2016. As a result, adjustments to fund cash balances as of January 1, 2017 and 2016 were made to the financial statements provided for audit.
- Intergovernmental receipts were initially classified as property taxes in the Street Construction Maintenance and Repair Fund in the amount of \$19,440 in 2016. For 2017, \$41,439 were initially classified as property taxes in the Street Construction Maintenance and Repair Fund, State Highway Fund and the Permissive Motor Vehicle Tax Fund. As a result, adjustments were made to properly classify these receipts to the proper financial line item.
- Intergovernmental receipts (homestead and rollback) were initially classified as property taxes in the General Fund, Police Levy Fund and Fire Fund in the amounts of \$21,532, \$5,747 and \$2,598, respectively, in 2016. As a result, adjustments were made to properly classify these receipts to the proper financial line item.
- Intergovernmental grant related receipts and proceeds from the sale of fixed assets were initially classified as miscellaneous or as special assessment receipts in various Special Revenue Funds in 2016 and 2017 in the amounts of \$14,311 and \$19,482, respectively. As a result, adjustments were made to properly classify these receipts to the proper financial line item.
- Governmental debt related principal and interest transactions were initially classified as transportation expense in a Special Revenue Fund in 2016 and 2017 in the amounts of \$6,899 and \$6,900, respectively. As a result, adjustments were made to properly classify these payments to the proper financial line item.
- Charges for services were initially classified as special assessments in the Water Emergency Enterprise Fund in 2016 and 2017 in the amounts of \$17,999 and \$18,000, respectively. As a result, adjustments were made to properly classify these receipts to the proper financial line item.
- Enterprise Fund Type debt related principal and interest payments were initially classified as contractual services in various Enterprise Funds in 2016 and 2017 in the amounts of \$25,699 and \$23,271, respectively. In addition, other debt service principal payments in the amounts of \$55,124 and \$56,178 for 2016 and 2017, respectively, were initially classified as interest and

- Proceeds from an OWDA loan and related expenses totaling \$1,326 and \$1,234 for 2016 and 2017, respectively were not recorded. As a result, adjustments were made to properly record these receipts and expenditures made on behalf of the Village by OWDA.
- The activities and correct fund cash balances were not included in the Villages financial statements for the Mayor's Court Agency Fund for 2016 and 2017. As a result, adjustments were made to properly record proper balances and activity for both years.

The Village's financial statements and footnotes have been adjusted to reflect the above adjustments and to present proper disclosures in the footnotes.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Village's Response

Due to the timing involved when prior audit adjustments were known and when the research into old outstanding checks was completed, the accounting system for 2016 had been closed to further entries. Therefore, adjustments to bring the Villages books to the proper balances could only be made in 2017. The Village has UAN file draft financial statements based on what is recorded in the books and therefore the corrections got reported in the incorrect year. As for the classification of receipts, the Village will attempt to record transactions in the proper accounts going forward. Beginning in 2018, the Village now uses separate accounts for principal and interest amounts when debt payments are made which should provide for the proper recording of debt in the future.

Village of Peebles, Ohio
Adams County
Summary Schedule of Prior Audit Findings
December 31, 2017 and 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Reconciliations	Corrected	Conditions not evident in the current audit period.
2015-002	Posting	Not corrected	Current year conditions included as finding number 2017-01
2015-003	Expenditures exceeded appropriations	Corrected	Conditions not evident in the current audit period.
2015-004	Mayor's Court	Corrected	Conditions not evident in the current audit period.



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
AUGUST 7, 2018