



**PEBBLE TOWNSHIP  
PIKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



PEBBLE TOWNSHIP  
PIKE COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## REPORT OF INDEPENDENT ACCOUNTANTS

Pebble Township  
Pike County  
21932 State Route 772  
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the accompanying financial statement of Pebble Township, Pike County, Ohio (the Township), as of and for the year ended December 31, 1999. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement based on our audit.

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

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balance of Pebble Township, Pike County, as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

**Jim Petro**  
Auditor of State

January 4, 2001

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**PEBBLE TOWNSHIP  
PIKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$12,762	\$52,633	\$65,395
Intergovernmental	21,702	85,502	107,204
Interest	1,072	929	2,001
Miscellaneous	2,652	3,000	5,652
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	38,188	142,064	180,252
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	34,926	0	34,926
Capital Outlay	463	23,311	23,774
Public Works	0	102,860	102,860
Debt Service:			
Note Principal Payment	6,105	20,310	26,415
Interest	0	2,579	2,579
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	41,494	149,060	190,554
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over/(Under) Cash Disbursements	(3,306)	(6,996)	(10,302)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts:</b>			
Proceeds from Sale of Public Debt			
Sale of Notes	0	110,000	110,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	0	110,000	110,000
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(3,306)	103,004	99,698
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	13,716	43,977	57,693
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$10,410</b>	<b>\$146,981</b>	<b>\$157,391</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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**PEBBLE TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Pebble Township, Pike County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

**B. Basis of Accounting**

This financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Township had only one bank account and had no investments during our audit period.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

**PEBBLE TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	<b><u>1999</u></b>
Demand deposits	<b><u>\$157,391</u></b>

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or uninsured and uncollateralized.

At December 31, 1999, \$57,391 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

**PEBBLE TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 1999, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,811	\$38,188	\$9,377
Special Revenue	125,761	252,064	126,303
Total	\$154,572	\$290,252	\$135,680

1999 Appropriations vs. Actual Disbursements			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$43,011	\$41,494	\$1,517
Special Revenue	150,629	149,060	1,569
Total	\$193,640	\$190,554	\$3,086

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statement as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

**PEBBLE TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 1999, was as follows:

<u>General Obligation Notes</u>	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck	\$100,000	4.50%
Firehouse Addition	7,667	0%
Road Repair	10,000	3.75%
MoTrim Mower	7,300	5%
Chevrolet Truck	<u>16,846</u>	4.35%
Total	<u>\$141,813</u>	

The Firehouse addition was for a building addition and is financed through the Pike County Office of Community Development with a no interest loan. The original note was for \$20,000. The Mower note was for a new mower purchased in 1997. The original note was for \$14,600. The Truck note was for a new truck purchased in 1998. The original note was for \$22,000. The fire truck note was for a new fire truck purchased in 1999. The original note was for \$100,000. The road repair note was for a road replacement in 1999. The original note was for \$10,000.

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

<u>Year Ending December 31</u>	<u>Firehouse Addition Loan</u>	<u>Mower Loan</u>	<u>Truck Loan</u>	<u>Road Loan</u>	<u>Fire Truck Loan</u>
2000	\$4,000	\$4,149	\$6,111	\$10,092	\$104,500
2001	3,667	3,900	6,111		
2002			6,111		
Total	<u>\$7,667</u>	<u>\$8,049</u>	<u>\$18,333</u>	<u>\$10,092</u>	<u>\$104,500</u>

**6. RETIREMENT SYSTEMS**

The Township's employees, as well as the Board of Trustees and Township Clerk belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicle



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Pebble Township  
Pike County  
21932 State Route 772  
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the accompanying financial statement of Pebble Township, Pike County, Ohio (the Township), as of and for the year ended December 31, 1999, and have issued our report thereon dated January 4, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated January 4, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated January 4, 2001.

Pebble Township  
Pike County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

January 4, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**PEBBLE TOWNSHIP**

**PIKE 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  
FEBRUARY 27, 2001**