



Dave Yost • Auditor of State

**Village of Trimble
Athens County, Ohio**

**Fiscal Emergency analysis
As of December 31, 2012 and December 31, 2013**

Local Government Services Section

Village of Trimble, Athens County

Fiscal Emergency Analysis

TABLE OF CONTENTS

Declaration of Fiscal Emergency 3

Introduction..... 5

Condition One: Default on Any Debt Obligation 5

Condition Two: Payment of All Payroll 6

Condition Three: Increase in Minimum Levy..... 6

Condition Four: Past Due Accounts Payable from the General Fund and All Funds 7

Condition Five: Deficit Fund Balances..... 9

Condition Six: Treasury Deficiency 10

Summary 11

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Declaration of Fiscal Emergency

The Auditor of State performed a fiscal analysis of the Village of Trimble pursuant to Section 118.03 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal emergency exists at the Village of Trimble as defined in Section 118.03(A)(4), 118.03(A)(5), 118.03(A)(6), and 118.03(B) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Douglas Davis, Mayor of the Village of Trimble; Susan Hooper, President of Council of the Village of Trimble; John Kasich, Governor; Timothy S. Keen, Director of the Office of Budget and Management; John Husted, Secretary of State; Josh Mandel, Treasurer of State; and Jill Thompson, Secretary of the Athens County Budget Commission.

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

DAVE YOST
Auditor of State

May 13, 2014

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**Village of Trimble, Athens County
Fiscal Emergency Analysis**

Introduction

As provided by Sections 118.021 and 118.04(A) of the Ohio Revised Code, Mayor Douglas Davis requested that a fiscal analysis be performed by the Auditor of State for the Village of Trimble, Athens County (the Village). The purpose of the analysis is to determine if the financial condition of the Village justifies the declaration of a fiscal watch or emergency.

A village is placed in fiscal emergency if any one of the six conditions described in Section 118.03 of the Ohio Revised Code exists. The six conditions are: 1) default on a debt obligation; 2) failure to make payment of all payroll; 3) an increase in the minimum levy of the village which results in the reduction in the minimum levy of another subdivision; 4) significant past due accounts payable; 5) substantial deficit balances in village funds; and 6) a sizeable deficiency when the village's treasury balance is compared to the positive cash balances of the village's funds.

The year-end conditions described under Conditions four, five, and six do not constitute a fiscal emergency if the village clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State's determination that the conditions no longer exist at the time of the determination.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2012 and December 31, 2013, the date of determination.

Condition One – Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the Village's outstanding debt as of December 31, 2013 is as follows:

Debt Issues	Interest Rate	Issue Date	Issue Amount
<u>Loans Payable</u>			
Operating Loan	3.9%	3/28/2013	\$15,009
Ohio Water Development Authority Loan	3.7%	7/15/2013	90,712

We obtained a list of outstanding debt and the amortization schedules to identify the last scheduled payments due before December 31, 2013, and reviewed the council minutes for any debt issued.

Conclusion: A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1). The Village had not defaulted on any of its debt obligations for more than thirty days as of December 31, 2013.

**Village of Trimble, Athens County
Fiscal Emergency Analysis**

Condition Two – Payment of All Payroll

Section 118.03(A)(2) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation, county, or township in the amounts and at the times required by law, ordinances, resolutions, or agreements, which failure of payment has continued:

- (a) For more than thirty days after such time for payment, or
- (b) Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We reviewed the payroll records of the Village as of December 31, 2013. We reviewed the Village Council's minutes, ordinances and other personnel records to determine the employees of the Village, pay rates, frequency of payroll, and whether any extensions for the payment of payroll exist. We reviewed payroll reports and interviewed various employees to determine that payroll checks were issued on the scheduled pay dates.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code as of December 31, 2013. All employees have been paid in amounts and at the times required by Village ordinance.

Condition Three – Increase in Minimum Levy

Section 118.03(A)(3) of the Ohio Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Athens County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Ohio Revised Code, in the minimum levy of the Village for 2012 or 2013, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Athens County Budget Commission indicated that the Commission had not taken any action in 2012 or 2013 to increase the inside millage of the Village and, therefore, no other subdivision's inside millage was reduced.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code as of December 31, 2013. The Athens County Budget Commission has not taken any action to increase the inside millage of the Village, thus reducing another subdivision's millage.

**Village of Trimble, Athens County
Fiscal Emergency Analysis**

Condition Four – Past Due Accounts Payable from the General Fund and All Funds

Section 118.03(A)(4) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the general fund budget for that year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in the respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable. Accounts due and payable shall not include any account, or portion thereof, that is being contested in good faith.

We prepared a schedule of accounts payable as of December 31, 2012, that were due and payable from the general fund, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2012, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest and penalties. From this amount, we subtracted the year-end fund balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one-sixth of the general fund budget for that year. For 2012, the Village did not obtain an amended certificate, so one-sixth of general fund receipts was used in this calculation.

Schedule I

General Fund Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2012

Fund	Payables Over 30 Days Past Due	General Fund Balance Available	Payables In Excess of Available Balance	One-Sixth of General Fund Revenue	Accounts Payable in Excess of General Fund Revenue
General	\$52,235	\$0	\$52,235	\$7,072	\$45,163

We prepared a schedule of accounts payable (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as of December 31, 2012. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2012, excluding non-recurring receipts of the general fund and of all special funds from which such accounts are lawfully payable.

**Village of Trimble, Athens County
Fiscal Emergency Analysis**

Schedule II

All Funds Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2012

Funds	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Sixth of the Revenues Available	Accounts Payable in Excess of Available Revenues
General	\$50,240	\$0	\$50,240	\$7,072	\$43,168
FEMA	5,008	0	5,008	0	5,008
Totals	<u>\$55,248</u>	<u>\$0</u>	<u>\$55,248</u>	<u>\$7,072</u>	<u>\$48,176</u>

Section 118.03 (B) of the Ohio Revised Code provides in part:

Any year-end condition described in Division (A)(4) of this section shall not constitute a fiscal emergency condition if the municipal corporation, county, or township clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State's determination that such condition no longer exists at the time of the determination pursuant to Section 118.04 of the Revised Code. For the purpose of such demonstration, there shall be taken into account all accounts payable past due for sixty days or subject to penalty, as at the time of such demonstration, rather than at the end of the fiscal year, and there shall be taken into account the moneys and marketable securities in the treasury of the municipal corporation, county, or township at the time of such demonstration that are, in the case of division (A)(4) of the section, held for the general fund or those respective special funds that are lawfully available to pay such accounts.

From the invoices provided to us, a schedule of accounts payable was prepared (as defined above) for all funds which were at least sixty days past due or to which a penalty was added as of December 31, 2013. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills.

Schedule III

All Funds Accounts Payable Over 60 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2013

Fund	Payables Over 60 Days Past Due	Fund Balance Available	Payables In Excess of Available Fund Balance	One-Sixth of the Revenues Available	Accounts Payable in Excess of Available Revenues
General	\$52,372	\$0	\$52,372	\$7,043	\$45,329

Conclusion: Schedules I, II, and III indicate that as of December 31, 2012, and December 31, 2013, a fiscal emergency condition exists under Section 118.03(A)(4) of the Ohio Revised Code. Accounts payable from the general fund which were at least thirty days past due at December 31, 2012, and at least sixty days past due as of December 31, 2013, exceeded available fund balance.

**Village of Trimble, Athens County
Fiscal Emergency Analysis**

Condition Five – Deficit Fund Balances

Section 118.03(A)(5), of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2012, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the receipts of those deficit funds. For 2012, the Village did not obtain an amended certificate, so one-sixth of general fund receipts was used in this calculation. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Schedule IV

Deficit Fund Balance
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2012

Fund	Cash Fund Balance	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds With Deficit Balance	One-Sixth General Fund Receipts	Unprovided Portion of Aggregate Deficit
General	(\$112,350)	\$52,235	(\$164,585)	\$7,072	(\$157,513)
Funds Available for Transfer					0
Total Unprovided Portion of Aggregate Deficit Funds					(\$157,513)

Section 118.03(B) of the Ohio Revised Code provides in part:

Any year-end condition described on division (A)(5) of this section shall not constitute a fiscal emergency condition if the municipal corporation, county, or township clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State’s determination that such condition no longer exists at the time of the determination pursuant to Section 118.04 of the Revised Code. For the purposes of such demonstration, rather than at the end of the fiscal year, and there should be taken into account the moneys and marketable securities in the treasury of the municipal corporation, county, or township at the time of such demonstration that are, in the case of division (A)(5) of this section, held for the general fund or any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, provided that changes from the year-end condition resulting from transfers not authorized pursuant to Chapter 5705 of the Revised Code, borrowings or advances between funds shall not be taken into account to demonstrate improvement in any fiscal emergency condition.

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2013, by subtracting all accounts payable and encumbrances from the year-end cash balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the receipts to those

**Village of Trimble, Athens County
Fiscal Emergency Analysis**

deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Schedule V

Deficit Fund Balance
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2013

Fund	Cash Fund Balance	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Fund With Deficit Balance	One-Sixth General Fund Receipts	Unprovided Portion of Aggregate Deficit
General	(\$118,817)	\$52,372	(\$171,189)	\$7,043	(\$164,146)
Funds Available for Transfer					0
Total Unprovided Portion of Aggregate Deficit Funds					(\$164,146)

Conclusion: Schedules IV and V indicate that a fiscal emergency condition exists under Section 118.03(A)(5) and 118.03(B) of the Ohio Revised Code as of December 31, 2012, and December 31, 2013, respectively. The unprovided portion of the aggregate deficit funds as of December 31, 2012, and December 31, 2013, is \$157,513 and \$164,146, respectively.

Condition Six – Treasury Deficiency

Section 118.03(A)(6), of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

Section 118.03(B) of the Ohio Revised Code, provides in part:

Any year end condition described in division (A)(6) of this section shall not constitute a fiscal emergency condition if the municipal corporation, county, or township clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State’s determination that such condition no longer exists at the time of the determination pursuant to Section 118.04 of the Revised Code. For the purpose of such demonstration, there shall be taken into account the moneys and marketable securities in the treasury of the municipal corporation, county, or township at the time of such demonstration that are in the case of division (A)(6) of this section, held to meet such positive balances.

We verified the Village’s reconciled bank balances to its fund cash balances as of December 31, 2012 and December 31, 2013. From the treasury balance, we subtracted the aggregate sum of all positive fund balances, the purpose of which the unsegregated treasury is held to meet to determine the treasury deficit. We then subtracted from the treasury deficit one-sixth of the amount received into the treasury during 2012 and 2013 to determine if a treasury deficiency exists.

**Village of Trimble, Athens County
Fiscal Emergency Analysis**

Schedule VI

Treasury Balances
Ohio Revised Code Sections 118.03(A)(6) and 118.03(B)
As of December 31, 2012 and December 31, 2013

	Amounts at December 31, 2012	Amounts at December 31, 2013
Bank Balances		
Community Bank - General Account	\$30,348	39,592
Community Bank - Mayor's Court Account	868	25
<i>Total Bank Balances</i>	<u>31,216</u>	<u>39,617</u>
<i>Adjustments for:</i>		
Bank Error	135	0
Outstanding Checks	(980)	(609)
<i>Total Adjustments</i>	<u>(845)</u>	<u>(609)</u>
<i>Total Treasury Balance</i>	<u>30,371</u>	<u>39,008</u>
Less: Positive Fund Balances		
Street Construction	23,255	22,345
State Highway	3,428	4,591
Street Levy	1,074	1,861
Fire	18,277	20,046
Permissive Tax	5,827	6,653
Permanent Improvement	31,351	32,251
Water	58,506	70,053
Mayor's Court	1,003	25
Total Positive Balances	<u>142,721</u>	<u>157,825</u>
Treasury Balances Less Positive Fund Balances	(112,350)	(118,817)
One-Sixth Treasury Receipts	29,417	30,435
Treasury Deficit in Excess of Treasury Receipts	<u>(\$82,933)</u>	<u>(\$88,382)</u>

Conclusion: Schedule VI indicates that a fiscal emergency condition exists under Section 118.03(A)(6) and 118.03(B) of the Ohio Revised Code. The treasury balance less the positive cash fund balances exceed one-sixth of the treasury receipts as of December 31, 2012 and December 31, 2013 by \$82,933, and \$88,382, respectively.

Summary

A fiscal emergency is the existence of at least one of the above defined conditions. This analysis indicates that a fiscal emergency exists at the Village of Trimble as defined in Sections 118.03(A)(4), 118.03(A)(5), 118.03(A)(6) and 118.03(B) of the Ohio Revised Code as presented in Schedules I through VI above as of December 31, 2012, and December 31, 2013.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.

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VILLAGE OF TRIMBLE

ATHENS 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
MAY 13, 2014**