

VILLAGE OF TRIMBLE

ATHENS COUNTY, OHIO

**Financial Statements
(Audited)**

**For the Years Ended
December 31, 2019 and 2018**



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Village Council
Village of Trimble
P.O. Box 121
Trimble, Ohio 45782

We have reviewed the *Independent Auditor's Report* of the Village of Trimble, Athens County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Trimble is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 18, 2020

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**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

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Independent Auditor's Report

Village of Trimble
Athens County
P.O. Box 121
Trimble, Ohio 45782

To the Members of Council and Mayor:

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 Trimble, Athens County, Ohio, as of and for the years ended December 31, 2019 and 2018.

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 of Trimble'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 of Trimble's internal control. Accordingly, we express no such 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 of Trimble 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 of Trimble 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 of Trimble as of December 31, 2019 and 2018, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Trimble, Athens County as of December 31, 2019 and 2018, 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 Matters

As discussed in Note 12 to the financial statements for the years ended December 31, 2019 and 2018, on May 13, 2014, the Auditor of State declared the Village of Trimble to be in a state of fiscal emergency, in accordance with Section 118.04 of the Ohio Revised Code. It was also discussed in Note 13 to the financial statements for the year ended December 31, 2019 the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village of Trimble. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2020, on our consideration of the Village of Trimble'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 of Trimble's internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 12, 2020

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Government Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 17,767	\$ 16,626	\$ 34,393
Municipal Income Tax	30,110	-	30,110
Intergovernmental	13,578	33,703	47,281
Miscellaneous	-	2,789	2,789
Total Cash Receipts	<u>61,455</u>	<u>53,118</u>	<u>114,573</u>
Cash Disbursements			
Current:			
Security of Persons and Property	-	13,458	13,458
Transportation	-	29,811	29,811
General Government	36,349	-	36,349
Debt Service:			
Principal Retirement	1,734	1,268	3,002
Interest and Fiscal Charges	697	548	1,245
Total Cash Disbursements	<u>38,780</u>	<u>45,085</u>	<u>83,865</u>
Excess of Receipts Over (Under) Disbursements	<u>22,675</u>	<u>8,033</u>	<u>30,708</u>
Fund Cash Balances, January 1	<u>(3,638)</u>	<u>51,817</u>	<u>48,179</u>
Fund Cash Balances, December 31			
Restricted	-	59,850	59,850
Unassigned (Deficit)	<u>19,037</u>	<u>-</u>	<u>19,037</u>
Fund Cash Balances, December 31	<u>\$ 19,037</u>	<u>\$ 59,850</u>	<u>\$ 78,887</u>

See accompanying notes to the financial statements

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 80,911
Total Operating Cash Receipts	80,911
Operating Cash Disbursements	
Personal Services	14,414
Fringe Benefits	2,840
Contractual Services	40,366
Supplies and Materials	1,931
Total Operating Cash Disbursements	59,551
Operating Income/(Loss)	21,360
Non-Operating Receipts (Disbursements)	
Principal Retirement	(18,375)
Interest and Other Fiscal Charges	(2,077)
Total Non-Operating Receipts (Disbursements)	(20,452)
Net Change in Fund Cash Balances	908
Fund Cash Balances, January 1	87,866
Fund Cash Balances, December 31	\$ 88,774

See accompanying notes to the financial statements

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Trimble (the Village), Athens 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 five-member Council directs the Village. The Village provides general government services, street construction, repair and maintenance, as well as water utilities and street light services. The Village contracts with the Village of Jacksonville for fire protection services.

The Village participates in a jointly governed organization, the Trimble Township Wastewater Treatment District. Note 11 to the financial statements provides additional information for this entity.

On May 13, 2014, based on a request by the Village and, in accordance with the provisions of Ohio Rev. Code § 118.04, the Auditor of State's Office declared the Village to be in Fiscal Emergency. At the 2010 census, the Village of Trimble's population was 390. For a Village or Township with a population of less than 1,000, the Auditor of State serves as the financial supervisor and has all the powers and responsibilities of a financial planning and supervision commission. As such, the Auditor of State's office has helped develop a financial recovery plan for the Village and is monitoring its execution. Note 12 to the financial statements provides additional information.

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 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 The street construction maintenance and repair 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.

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Street Levy Fund This street fund accounts for monies received from property taxes for the upkeep of Village streets.

Permanent Improvement Fund The permanent improvement fund receives property taxes for the upkeep of street lights.

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 Operating Fund The water operating fund receives charges for services from residents to cover water service costs for water provided to the Village.

Water Reserve The water reserve fund receives a portion of charges for services from residents to cover debt service payments for improvements to the water system.

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 the Ohio Revised Code Section 117.38 and the Ohio Administrative Code § 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 2019 budgetary activity appears in Note 4.

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deposits and Investments

The Village had one primary, interest bearing checking account during the audit period which is fully insured by the Federal Deposit Insurance Corporation.

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.

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 Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Compliance

Contrary to ORC Sections 5705.40 and 5705.41(B), the Village did not timely pass appropriation modifications, and had expenditures exceeding appropriations in the FEMA/EMA fund.

Contrary to ORC section 5705.38(C), the Village did not follow the minimum level of budgetary control when passing appropriations.

Contrary to ORC Section 5705.41(D), the Village did not certify expenditures in a timely manner.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,000	\$61,456	\$1,456
Special Revenue	36,900	53,118	16,218
Enterprise	84,000	80,911	(3,089)
Total	\$180,900	\$195,485	\$14,585

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,000	\$38,781	\$11,219
Special Revenue	61,000	45,083	15,917
Enterprise	94,000	80,004	13,996
Total	\$205,000	\$163,869	\$41,131

Note 5 – Deposits

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

Demand deposits	2019 \$167,661
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Deposits

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

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – 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.

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

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members’ Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village’s elected officials and employees 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 postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2019</i>	<i>10%</i>	<i>14%</i>

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 - Postemployment Benefits

OPERS offers 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority (OWDA) Loan #6918	\$175,554	0.78%
Ohio Public Works Commission (OPWC) #CR25R	304,057	0.00%
Unified Bank - Kubota Tractor Loan	16,978	4.11%
Total	\$496,589	

The Ohio Water Development Authority (OWDA) loan relates to a water line replacement project. The OWDA approved \$201,500 in loans to the Village for this project. The Village will repay the loans including 0.78% interest, in semiannual installments of \$3,672 over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan matures in January 2046.

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

Year ending December 31:	Principal	Interest
2020	\$5,989	\$1,356
2021	6,036	1,309
2022	6,083	1,262
2023	6,130	1,215
2024	6,178	1,167
2025-2029	31,621	5,103
2030-2034	32,875	3,850
2035-2039	34,178	2,546
2040-2044	35,533	1,191
2045-2046	10,932	85
Total	\$175,554	\$19,085

The Ohio Public Works Commission (OPWC) loan relates to a water distribution system replacement project. The OPWC approved \$337,841 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$5,631, interest free, over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This loan matures in July 2046.

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Year ending December 31:	Principal
2020	\$11,261
2021	11,261
2022	11,261
2023	11,261
2024	11,261
2025-2029	56,307
2030-2034	56,307
2035-2039	56,307
2040-2044	56,307
2045-2046	22,524
Total	<u>\$304,057</u>

A loan was refinanced for the purchase of a Kubota Tractor during 2019. The loan was for \$19,548 to be paid over 36 months with an interest rate of 4.11 percent. This loan is backed by the full faith and credit of the Village. The loan payments of \$579, which include principal and interest, are made from the General Fund, the Street Construction, Maintenance and Repair and Street Levy special revenue funds, and the Water Fund.

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

Year ending December 31:	Principal	Interest
2020	\$6,356	\$589
2021	6,627	317
2022	3,995	55
Total	<u>\$16,978</u>	<u>\$961</u>

Note 11 – Jointly Governed Organizations

Trimble Township Wastewater Treatment District – The Trimble Township Wastewater Treatment District is a regional sewer district organized under Chapter 6119 of the Ohio Revised Code. The district operates under the direction of an eight member Board of Council Members whose membership is composed of two appointments from each of the participating subdivisions which includes: Village of Trimble, Village of Jacksonville, Village of Glouster and Trimble Township. The membership elects a President, Vice President and a Secretary-Treasurer who are responsible for the fiscal control of the financial resources of the district. To obtain financial information, write to the Trimble Township Wastewater Treatment District, Teri Brooks, Secretary-Treasurer, at 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740.

Note 12 – Deficit Fund Balance

The Village had a deficit fund balance of \$3,640 in the General Fund as of December 31, 2018. Currently, management is taking steps to reduce spending and to implement a system of accounting that will facilitate in the monitoring of the Village’s finances. The General Fund balance as of December 31, 2019 was \$19,037.

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

On May 13, 2014, based on a request by the Village and, in accordance with the provisions of Ohio Revised Code § 118.04, the Auditor of State's Office declared the Village to be in Fiscal Emergency. As such, the Auditor of State's office has helped develop a financial recovery plan for the Village and is monitoring its execution.

As part of this recovery plan, the Village has instituted a local income tax and reviewed prior period activity for any expenditures which could be allocated to funds other than the General Fund.

Note 13 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. The Village's investments of the pension and other employee benefit plan in which the Village participates may incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Government Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 16,965	\$ 16,286	\$ 33,251
Municipal Income Tax	29,973	-	29,973
Intergovernmental	12,798	20,902	33,700
Fines, Licenses and Permits	974	-	974
Earnings on Investments	6	-	6
Miscellaneous	70	-	70
Total Cash Receipts	<u>60,786</u>	<u>37,188</u>	<u>97,974</u>
Cash Disbursements			
Current:			
Security of Persons and Property	-	11,459	11,459
Transportation	-	18,168	18,168
General Government	41,928	5,823	47,751
Debt Service:			
Principal Retirement	1,497	2,245	3,742
Interest and Fiscal Charges	173	259	432
Total Cash Disbursements	<u>43,598</u>	<u>37,954</u>	<u>81,552</u>
Excess of Receipts Over (Under) Disbursements	<u>17,188</u>	<u>(766)</u>	<u>16,422</u>
Fund Cash Balances, January 1	<u>(20,828)</u>	<u>52,581</u>	<u>31,753</u>
Fund Cash Balances, December 31			
Restricted	-	51,815	51,815
Unassigned (Deficit)	<u>(3,640)</u>	<u>-</u>	<u>(3,640)</u>
Fund Cash Balances, December 31	<u>\$ (3,640)</u>	<u>\$ 51,815</u>	<u>\$ 48,175</u>

See accompanying notes to the financial statements

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 81,668
Miscellaneous	2,668
Total Operating Cash Receipts	84,336
Operating Cash Disbursements	
Personal Services	16,717
Fringe Benefits	1,743
Contractual Services	40,325
Other	5,890
Total Operating Cash Disbursements	64,675
Operating Income/(Loss)	19,661
Non-Operating Receipts (Disbursements)	
Principal Retirement	(20,604)
Interest and Other Fiscal Charges	(1,872)
Total Non-Operating Receipts (Disbursements)	(22,476)
Net Change in Fund Cash Balances	(2,815)
Fund Cash Balances, January 1	90,683
Fund Cash Balances, December 31	\$ 87,868

See accompanying notes to the financial statements

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Trimble (the Village), Athens 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 general government services, street construction, repair and maintenance, as well as water utilities and street light services. The Village contracts with the Village of Jacksonville for fire protection services.

The Village participates in a jointly governed organization, the Trimble Township Wastewater Treatment District. Note 11 to the financial statements provides additional information for this entity. The District provides billing services for the Village's water utility services.

On May 13, 2014, based on a request by the Village and, in accordance with the provisions of Ohio Rev. Code § 118.04, the Auditor of State's Office declared the Village to be in Fiscal Emergency. At the 2010 census, the Village of Trimble's population was 390. For a Village or Township with a population of less than 1,000, the Auditor of State serves as the financial supervisor and has all the powers and responsibilities of a financial planning and supervision commission. As such, the Auditor of State's office has helped develop a financial recovery plan for the Village and is monitoring its execution. Note 12 to the financial statements provides additional information.

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 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 The street construction maintenance and repair 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.

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Street Levy Fund The street fund accounts for monies received from property taxes for the upkeep of Village streets.

Permanent Improvement Fund The permanent improvement fund receives property taxes for the upkeep of street lights.

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 Operating Fund The water operating fund receives charges for services from residents to cover water service costs for water provided to the Village.

Water Reserve Fund The water reserve fund receives a portion of charges for services from residents to cover debt service payments for improvements to the water system.

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 the Ohio Revised Code Section 117.38 and the Ohio Administrative Code § 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 2018 budgetary activity appears in Note 4.

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Deposits and Investments

The Village had one primary, interest bearing checking account during the audit period which is fully insured by the Federal Deposit Insurance Corporation.

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.

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 Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Compliance

Contrary to ORC Sections 5705.40 and 5705.41(B), the Village did not timely pass appropriation modifications, and had expenditures exceeding appropriations in the Street Construction, Maintenance and Repair, Street Levy, Permanent Improvement and Water Reserve Funds.

Contrary to ORC section 5705.38(C), the Village did not follow the minimum level of budgetary control when passing appropriations.

Contrary to ORC Section 5705.41(D), the Village did not certify expenditures in a timely manner.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,000	\$60,786	\$786
Special Revenue	36,900	37,188	288
Enterprise	84,000	84,336	336
Total	\$180,900	\$182,310	\$1,410

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,000	\$43,598	\$4,402
Special Revenue	45,500	37,954	7,546
Enterprise	88,100	87,151	949
Total	\$181,600	\$168,703	\$12,897

Note 5 – Deposits

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

	2018
Demand deposits	\$136,043

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Deposits

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

Note 6 – 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.

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

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 - Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members’ Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village’s elected officials and employees 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 postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2018</i>	<i>10%</i>	<i>14%</i>

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 - Postemployment Benefits

OPERS offers 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority (OWDA) Loan #6918	\$181,496	0.78%
Ohio Public Works Commission (OPWC) #CR25R	315,319	0.0%
Unified Bank - Kubota Tractor Loan	<u>21,889</u>	3.214%
Total	<u><u>\$518,704</u></u>	

The Ohio Water Development Authority (OWDA) loan relates to a water line replacement project. The OWDA approved \$201,500 in loans to the Village for this project. The Village will repay the loans including 0.78% interest, in semiannual installments of \$3,672 over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan matures in January 2046.

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

Year ending December 31:	<u>Principal</u>	<u>Interest</u>
2019	\$5,942	\$1,402
2020	5,989	1,356
2021	6,036	1,309
2022	6,082	1,262
2023	6,130	1,214
2024-2028	31,376	5,347
2029-2033	32,621	4,105
2034-2038	33,913	2,810
2039-2043	35,257	1,467
2044-2046	<u>18,150</u>	<u>213</u>
Total	<u><u>\$181,496</u></u>	<u><u>\$20,485</u></u>

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The Ohio Public Works Commission (OPWC) loan relates to a water distribution system replacement project. The OPWC approved \$337,841 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$5,631, interest free, over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This loan matures in July 2046.

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

Year ending December 31:	Principal
2019	\$11,262
2020	11,262
2021	11,262
2022	11,262
2023	11,262
2024-2028	56,306
2029-2033	56,306
2034-2038	56,306
2039-2043	56,306
2044-2046	33,785
Total	<u>\$315,319</u>

A loan was obtained to provide financing for the purchase of a Kubota Tractor during 2017. The loan was for \$31,000 to be paid over 52 months with an interest rate of 3.214 percent. This loan is backed by the full faith and credit of the Village. The loan payments of \$640, which include principal and interest, are made from the general fund, the street construction maintenance and repair and street levy special revenue funds, and the water fund. Due to the nature of this loan maturing and renewing July of each year, there is no amortization schedule available which presents the remaining balances of the loan. Final maturity is expected to be July 20, 2022.

Note 11 – Jointly Governed Organizations

Trimble Township Wastewater Treatment District – The Trimble Township Wastewater Treatment District is a regional sewer district organized under Chapter 6119 of the Ohio Revised Code. The district operates under the direction of an eight member Board of Council Members whose membership is composed of two appointments from each of the participating subdivisions which includes: Village of Trimble, Village of Jacksonville, Village of Glouster and Trimble Township. The membership elects a President, Vice President and a Secretary-Treasurer who are responsible for the fiscal control of the financial resources of the district. To obtain financial information, write to the Trimble Township Wastewater Treatment District, Teri Brooks, Secretary-Treasurer, at 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740.

Note 12 – Deficit Fund Balance

The Village had a deficit fund balance of \$3,640 in the General Fund as of December 31, 2018. Currently, management is taking steps to reduce spending and to implement a system of accounting that will facilitate

Village of Trimble, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

in the monitoring of the Village's finances.

On May 13, 2014, based on a request by the Village and, in accordance with the provisions of Ohio Rev. Code § 118.04, the Auditor of State's Office declared the Village to be in Fiscal Emergency. As such, the Auditor of State's office has helped develop a financial recovery plan for the village and is monitoring its execution.

As part of this recovery plan, the Village has instituted a local income tax and reviewed prior period activity for any expenditures which could be allocated to funds other than the General Fund.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Village of Trimble
Athens County
P.O. Box 121
Trimble, Ohio 45782

To the Members of Council and Mayor:

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 Trimble, Athens County, Ohio as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated August 12, 2020, wherein we noted the Village of Trimble followed the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 12 to the financial statements for the years ended December 31, 2019 and 2018, the Village of Trimble was declared by the Auditor of State on May 13, 2014 to be in a state of fiscal emergency. We also noted, as discussed in Note 13 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Trimble’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 of Trimble’s internal control. Accordingly, we have not opined on it.

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

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 of Trimble’s financial statements. We consider findings 2019-001, 2019-005, 2019-006 and 2019-010 described in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-009 described in the accompanying schedule of findings and responses to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Trimble's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2019-002 through 2019-005, 2019-007, and 2019-008.

Village of Trimble's Responses to Findings

The Village of Trimble's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject the Village of Trimble's responses to the auditing procedures applied in the audit of the financial statements 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 of Trimble's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Trimble's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
August 12, 2020

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Material Weakness - Pre-Numbered Duplicate Receipts

Maintaining bound, pre-numbered duplicate receipt books provides management with a record of all receipts flowing into the Village and assures that all monies collected are actually deposited and credited to the proper accounts of the Village.

The Village did not utilize bound, pre-numbered receipts to account for monies received either through the mail or at the Village Hall for the years ended December 31, 2019 and 2018.

Failure to provide duplicate receipts or other support can result in receipts being incorrectly posted or omitted altogether. It can also call into question the completeness and timeliness of cash collected and deposited with the bank.

We recommend the Fiscal Officer maintain bound, pre-numbered duplicate receipt books to record revenues immediately upon receipt. The duplicate receipt should indicate the payee, amount, form of payment (cash or check), the purpose and the fund and account to credit. The Fiscal Officer should also retain copies of checks received to provide additional supporting documentation.

Client Response: The Village will begin utilizing pre-numbered duplicate receipts for the utility billing in 2020. The Finance receipts are now posted to the Uniform Accounting Network software which generates receipt numbers automatically.

Finding Number	2019-002
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Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village did not properly certify the availability of funds prior to purchase commitment for 79% of expenditures tested for the year ended December 31, 2019. The Village did not certify expenditures for the year ended December 31, 2018.

Without timely certification, the Village may expend more funds than available in the Treasury, in the process of collection or in the funds appropriated. It may also result in unnecessary purchases.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-002 - (Continued)

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Village has begun utilizing purchase orders in 2020. We are still working out the procedure. We anticipate this will improve on the next audit period. The Village will be utilizing blanket and super blanket purchase orders for utilities in 2021.

Finding Number	2019-003
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Noncompliance

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure must be made by Council resolution and comply with the same provisions of the law as used in developing the original appropriations.

The Village did not properly modify its appropriations throughout the fiscal years ended December 31, 2019 and 2018.

By not timely and properly modifying the appropriations, the potential to overspend in certain funds exists.

We recommend the Village comply with the Ohio Revised Code and monitor appropriations and certified resources to ensure proper budgeting and to prevent excess spending. In addition, the Village should monitor its budgetary process on a regular basis and make amendments as necessary.

Client Response: We will strive to monitor revenue and appropriation budgets more closely in the future. With the implementation of the Uniform Accounting Network (UAN Software) this process will be much easier.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-004

Noncompliance

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

For the fiscal year ended December 31, 2019, the following fund had budgetary expenditures in excess of appropriations:

<u>Special Revenue Fund:</u>	Appropriations	Expenditures	Excess
FEMA/EMA Grant Fund	\$ -	\$ 8,156	\$ 8,156

For the fiscal year ended December 31, 2018, the following fund had budgetary expenditures in excess of appropriations:

<u>Special Revenue Funds:</u>	Appropriations	Expenditures	Excess
Street Construction, Maintenance and Repair Fund	\$ 15,000	\$ 15,714	\$ 714
Street Levy Fund	7,000	8,720	1,720
Permanent Improvement Fund	8,500	8,981	481
<u>Enterprise Fund:</u>			
Water Reserve Fund	18,100	18,288	188

With expenditures exceeding appropriations, the Village is spending monies that have not lawfully been appropriated by the Village Council. This may result in unnecessary spending.

We recommend the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring their expenditures so they do not exceed lawful appropriations and amending the budget as needed throughout the fiscal year. This may be achieved by monitoring the budget more closely on a continual basis.

Client Response: The Village will ensure that future spending has first been appropriated by Council.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-005

Noncompliance/Material Weakness – Legal Level of Budgetary Control

Ohio Revised Code Section 5705.38(C) requires the following minimum level of budgetary control for Villages: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services”.

The Village’s appropriations for the years ended December 31, 2019 and 2018 were passed at the fund level, which does not meet the minimum level of budgetary control.

By not appropriating at the level of control required by the Ohio Revised Code, the Village risks insufficient oversight over expenditures since Village Council will not have sufficiently detailed budget vs. actual information available to them.

We recommend the Village pass appropriations in accordance with the Ohio Revised Code.

Client Response: With the implementation of the Uniform Accounting Network software, the Village Council began approving budgets at the Fund, Program and Object level in accordance with Ohio Revised Code in 2020.

Finding Number	2019-006
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Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

Certain adjustments were made to the financial statements for the year ended December 31, 2018 to properly state financial statement amounts.

The audited financial statements, note disclosures and Village records have been adjusted for the misstatements identified during the audit.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-006 – (Continued)

A lack of control procedures associated with the period end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village’s activity.

We recommend the Village of Trimble implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the basic financial statements prior to presenting them to the auditors. Further, we recommend the Village review the adjustments noted during the audit and incorporate them into future reports.

Client Response: The Village will ensure that any audit adjustments are accounted for on the financial statements. This process will be easier due to the implementation of the Uniform Accounting Network software.

Finding Number	2019-007
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Noncompliance

Internal Revenue Service Publication 15, Circular E, Employer’s Tax Guide and Publication 15-A, Employer’s Supplemental Tax Guide, defines employees versus independent contractors.

Generally, a worker who performs services for you is your employee if you have the right to control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed. See Publication 15-A, Employer’s Supplemental Tax Guide, for more information on how to determine whether an individual providing services is an independent contractor or an employee.

Generally, people in business for themselves are not employees. Independent contractors are people such as lawyers, contractors, subcontractors, public stenographers and auctioneers who follow an independent trade, business, or profession in which they offer. However, whether such people are employees or independent contractors depends on the facts in each case. The general rule is that an individual is an independent contractor if you, the person for whom the services are performed, have the right to control or direct only the result of the work and not the means and methods of accomplishing the result.

The Village Solicitor and the Village’s Class I Operator were identified by the Village as employees and received W-2’s from the Village for the years ended December 31, 2019 and 2018.

Failure to properly classify an individual as an employee or independent contractor could result in the Village being held liable for employment taxes for that worker or paying unnecessary employer taxes.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-007 – (Continued)

The Village should review the Publications referred to above to determine whether their Solicitor and Water Operators are employees or independent contractors. The IRS can determine whether the services are performed as an employee or independent contractor for the Commission by submitting Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding. The Village should also submit the proper tax forms relating to employees and independent contractors.

Client Response: This matter will be discussed with the Village Council to determine a proper course of action. If the employee(s) in question should be considered independent contractors, the Village will make the necessary changes in 2020.

Finding Number	2019-008
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Noncompliance

Ohio Rev. Code § 149.43 provides that all public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, public offices shall maintain public records in such a manner that they are available for inspection.

Pursuant to Ohio Rev. Code § 149.43(B)(2), the entity shall have available a copy of its current records retention schedule at a location readily available to the public.

All state and local elected officials, or their designees, must attend at least 3 hours of training on Ohio’s public records laws during each term of office [Ohio Rev. Code §§ 109.43(B) & 149.43(E)(1)]. The training received must be certified by the Ohio Attorney General. Proof that training has been completed must include documentation that either the Attorney General’s Office or another entity certified by the Attorney General provided the training to the elected official, or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

The Village did not have a records retention schedule in place for the years ended December 31, 2019 and 2018. Further, the Village officials or their designees did not attend public records training for the years ended December 31, 2019 and 2018.

By not maintaining an appropriate records retention schedule as required, the public office risks prematurely disposing of essential documents. Further, by not requiring that all elected officials or their designees attend public records training approved by the Attorney General for every term of office, the public office risks uncompleted or improper responses of requests.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-008 - (Continued)

The Village Council should approve a records retention schedule based on guidance in Ohio Rev. Code § 149.43 and Auditor of State Bulletin 2007- 014. Officials, or their designees, should attend public records training.

Client Response: The Village will approve and post a records retention schedule and create a form for public record requests in 2020. We will attempt to ensure that all public officials have attended public records training by the end of 2021.

Finding Number	2019-009
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Significant Deficiency - Personnel Files

The Village management should maintain personnel files on hand for all employees and elected officials. Personnel files should include:

- Hiring authorization
- Position & Authorized Salary Rate
- Department/Fund to which salary will be charged
- Deduction authorizations
- OPERS Authorization
- Federal Withholding Form W-4
- State Withholding Form IT-4

The Village failed to maintain hiring authorizations, position and salary rate, and department forms for one employee for the years ended December 31, 2019 and 2018. Failure to maintain proper and complete personnel records could result in incorrect computation of employee paychecks.

Further, the Village failed to obtain Federal Identification Form W-9 for two independent contractors for the years ended December 31, 2019 and 2018. Also, the Village provided these contractors with W-2's for the years ended December 31, 2019 and 2018 instead of a 1099. Failure to obtain and submit the required reports for all vendors could result in unexpected tax liabilities, fines, and penalties for the Village and the employees of the Village.

The Fiscal Officer should maintain complete personnel files for all employees and elected officials. The Fiscal Officer may not withhold amounts unless the documentation authorizing him/her to do so is on file.

Client Response: The Village will adopt a new hire packet to be used for all future new hires that includes the documents listed.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-010

Material Weakness – Water Department:

Water billing reports should be presented to Council for review and approval each month. The reports should be reviewed to determine that the number of customers being billed monthly is consistent, that there are no unusual amounts charged or unusual usages noted, and that the appropriate rates are charged. Further, billing adjustments posted to the billing reports should be approved prior to posting.

A Village employee is tasked with billing water customers on behalf of the Village. Council did not review and approve monthly reports maintained by the employee for the years ended December 31, 2019 and 2018. Additionally, billing adjustments were not reviewed by anyone other than the individual posting the adjustment. This lack of oversight by the Village and Council could result in undetected errors or significant variances.

Further, the Village employee is tasked by the Village to:

- ensure automatic meter readings are recorded in the Village’s system
- send water bills to customers
- receive customer payments
- deposit customer payments
- enter billing adjustments
- gather monthly billing reports

By relying on one employee for all responsibilities of the Water Department, the Village could expose itself to higher risks of fraud and the inability to timely identify, prevent, and correct potential misstatements.

The Village should distribute responsibilities of the Water Department to more than one employee of the Village, present monthly billing reports to the Council for review and approval, and approve all billing adjustments.

Client Response: Village Council now reviews the monthly water reports with the Mayor and President of Council signing the reports. We will ensure this includes the billing report as well as any adjustments reports. The Village will explore ways to distribute duties to segregate duties with a small staff.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	<u>Material Weakness – Pre-Numbered Duplicate Receipts</u> : The Village did not maintain bound, pre-numbered duplicate receipts for all receipts flowing into the Village.	Not Corrected	Repeated as finding 2019-001 as pre-numbered duplicate receipts were not utilized.
2017-002	<u>Noncompliance - Ohio Rev. Code § 5705.41(D)</u> : The Village did not certify the availability of funds.	Partially Corrected	Corrective action taken in 2019 resulting in certification of expenditures. Repeated as finding 2019-002 due to timing of certifications.
2017-003	<u>Noncompliance - Ohio Rev. Code § 5705.40</u> : The Village did not properly modify its appropriations throughout the fiscal year.	Not Corrected	Repeated as finding 2019-003 as the Village did not properly modify its appropriations.
2017-004	<u>Noncompliance - Ohio Rev. Code § 5705.38 and 5705.41(B)</u> : The Village did not adopt appropriations timely and had expenditures in excess of appropriations.	Partially Corrected	Corrective action taken in 2019 and 2018 resulting in timely adoption of appropriations. Repeated as finding 2019-004 for expenditures in excess of appropriations.
2017-005	<u>Noncompliance / Material Weakness - Ohio Rev. Code § 5705.38(C)</u> : The Village did not follow the minimum legal level of budgetary control when approving appropriations.	Not Corrected	Repeated as finding 2019-005 as the Village passed appropriations at the fund level.
2017-006	<u>Noncompliance - Ohio Rev. Code § 5705.39 and 5705.36</u> : The Village did not certify appropriations with the county auditor and provided incorrect beginning unencumbered balances on the Certificate of Estimated Resources.	Corrected	N/A
2017-007	<u>Material Weakness – Financial Statement Presentation</u> : Certain adjustments were made to the financial statements and notes to properly state the financial statement amounts.	Not Corrected	Repeated as finding 2019-006 as adjustments were made to the 2018 financial statements.
2017-008	<u>Noncompliance - Internal Revenue Service Publication 15, Circular E, Employer’s Tax Guide and Publication 15-A, Employer’s Supplemental Tax Guide</u> : The Village did not properly distinguish Village employees from independent contractors.	Not Corrected	Repeated as finding 2019-007 as the Village issued W-2’s for potential independent contractors.

**VILLAGE OF TRIMBLE
ATHENS COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

2017-009	<u>Noncompliance - Ohio Rev. Code § 149.43</u> : The Village did not attend public records training, adopt a public records policy or records retention schedule.	Partially Corrected	Corrective action taken in 2018 resulting in adoption of public records policy. Repeated as finding 2019-008 due to lack of public records training and adoption of records retention schedule.
2017-010	<u>Significant Deficiency – Personnel Files</u> : The Village did not maintain complete personnel files for employees and elected officials.	Not Corrected	Repeated as finding 2019-009 as the Village did not maintain complete personnel files.
2017-011	<u>Material Weakness – Water Department</u> : The Village did not segregate duties or obtain formal approval of monthly water reports and billing adjustments.	Not Corrected	Repeated as finding 2019-010 as the Village relied on one employee for all Water Department responsibilities.
2017-012	<u>Noncompliance - Ohio Rev. Code § 135.22</u> : The Village's Fiscal Officer did not attend continuing education programs or obtain a certificate of exemption.	Partially Corrected	Corrective action taken in 2019. Finding is reissued in Management Letter for 2018.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF TRIMBLE

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/1/2020

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Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov