



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF TIMBERLAKE
LAKE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report on the Financial Statements, Internal Control, and Compliance.....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2020	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Fiduciary Fund Types For the Year Ended December 31, 2020	4
Notes to the Financial Statements For the Year Ended December 31, 2020	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Fiduciary Fund Types For the Year Ended December 31, 2019	16
Notes to the Financial Statements for the Year Ended December 31, 2019.....	17
Schedule of Findings.....	27
Prepared by Management:	
Schedule of Prior Audit Findings	35

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

Report on the Financial Statements, Internal Control, and Compliance

Village of Timberlake
Lake County
11 East Shore Boulevard
Timberlake, Ohio 44095

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Timberlake, Lake County, Ohio (the Village), as of and for the years ended December 31, 2020 and 2019. These procedures were designed to satisfy the audit requirements of Section 117.11, Ohio Rev. Code, and Section 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2020-004, 2020-006 and 2020-010, and 2020-011 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2020-001 through 2020-005 and 2020-007 through 2020-009 and 2020-011.

Village's Response to Findings

The Village's responses to the findings identified in our engagement are described in the accompanying schedule of findings. We did not apply our procedures to the Village's responses and, accordingly, we express no opinion on them.



Keith Faber
Auditor of State
Columbus, Ohio

September 3, 2021

Village of Timberlake
Lake County, Ohio
**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)**
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$229,602	\$10,927		\$240,529
Municipal Income Tax	87,246			87,246
Intergovernmental	104,799	133,303		238,102
Special Assessments			\$19,488	19,488
Charges for Services	4,035			4,035
Fines, Licenses and Permits	21,267			21,267
Earnings on Investments	1,130	431		1,561
Miscellaneous	24,890	9,318		34,208
<i>Total Cash Receipts</i>	<u>472,969</u>	<u>153,979</u>	<u>19,488</u>	<u>646,436</u>
Cash Disbursements				
Current:				
Security of Persons and Property	230,624	20,979		251,603
Public Health Services	7,361			7,361
Leisure Time Activities	2,587			2,587
Community Environment	12,934			12,934
Basic Utility Services		168		168
Transportation	17,063	12,054		29,117
General Government	107,512	55,239		162,751
Debt Service:				
Principal Retirement			51,801	51,801
Interest and Fiscal Charges			14,115	14,115
<i>Total Cash Disbursements</i>	<u>378,081</u>	<u>88,440</u>	<u>65,916</u>	<u>532,437</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>94,888</u>	<u>65,539</u>	<u>(46,428)</u>	<u>113,999</u>
Other Financing Receipts (Disbursements)				
Transfers In			67,000	67,000
Transfers Out	(67,000)			(67,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(67,000)</u>	<u>0</u>	<u>67,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	27,888	65,539	20,572	113,999
<i>Fund Cash Balances, January 1</i>	<u>143,250</u>	<u>57,277</u>	<u>0</u>	<u>200,527</u>
<i>Fund Cash Balances, December 31</i>	<u>\$171,138</u>	<u>\$122,816</u>	<u>\$20,572</u>	<u>\$314,526</u>

See accompanying notes to the basic financial statements

Village of Timberlake
Lake County, Ohio
Combined Statement of Additions, Deductions
and Change in Fund Balance (Cash Basis)
All Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Other Custodial
Additions	
Charges for Services	\$3,050
Earnings on Investments (trust funds only)	185
Other Amounts Collected for Distribution	13
	3,248
<i>Total Additions</i>	<i>3,248</i>
Deductions	
Distributions of Deposits	3,000
Other Distributions	48,001
	51,001
<i>Total Deductions</i>	<i>51,001</i>
<i>Net Change in Fund Balances</i>	<i>(47,753)</i>
<i>Fund Cash Balances, January 1</i>	<i>48,801</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,048</i>

See accompanying notes to the basic financial statements

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Timberlake (the Village), Lake County, Ohio, 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 governmental services, street repair and maintenance, sewer utilities, and police services. The Village contracts with the City of Eastlake to provide rescue and fire protection services.

Public Entity Risk Pool and Related Organization

The Village participates in the Ohio Plan Risk Management, Inc., public entity risk pool and the Northeast Ohio Public Energy Council (NOPEC), jointly governed organization. Notes 6 and 10 to the financial statements provide additional information for these entities.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair - 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.

State Highway - The state highway fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, street signs, and repair of State Highway located within the Village.

Sanitary Sewer Maintenance- Lake County Department of Utilities receives charges for services from residents to cover the cost of providing this utility.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies – (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Sanitary Sewer OWDA Loan - This fund is for the repayment of the Water Pollution Control Loan, in which money is transferred in from the General Fund to cover the payment.

Paving Improvement OPWC Loan - This fund is for the repayment of the Ohio Public Works Commission loan and Erie Bank, in which money is transferred in from the General Fund to cover the payment.

Police Cruiser Lease - This fund is for the 2018 Police Cruiser lease, in which money is transferred in from the General Fund to cover the payment.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds accounts for security deposits for the rental of Village Hall.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds

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 Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies – (Continued)

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. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies – (Continued)

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*. For regulatory purposes, assigned fund balance is the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purpose, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$455,249	\$472,969	\$17,720
Special Revenue	154,968	153,979	(989)
Debt Service	82,185	86,488	4,303
Total	\$692,402	\$713,436	\$21,034

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$513,753	\$445,081	\$68,672
Special Revenue	116,839	108,495	8,344
Debt Service	70,001	65,916	4,085
Total	\$700,593	\$619,492	\$81,101

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments

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

	2020
Demand deposits	<u>\$19,599</u>
Total deposits	<u>19,599</u>
STAR Ohio	293,207
Total investments	<u>293,207</u>
Total deposits and investments	<u><u>\$312,806</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

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

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

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

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Taxes – (Continued)

Income Taxes

The Village levies a municipal income tax of 1.0 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. In the latter case, the Village allows a 50 percent credit on the income earned outside of Village and paid to another municipality.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Central Collection Agency (CCA) monthly as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The taxes are collected by CCA and remitted to the Village monthly.

Note 6 – 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.

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, 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 is 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.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management – (Continued)

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019. This is the most up to date information at this time.

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 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village employees and Elected Officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Social Security

Some of the Village elected officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$214,000	3.95%
Ohio Water Development Authority Loan	123,186	2.75%
Ohio Public Work Commission	45,297	0%
Police Cruiser Lease	6,314	12.50%
Total	\$388,797	

Sanitary Sewer Rehabilitation Project

On October 29, 2009, the Village started a sanitary sewer rehabilitation project whose cost was anticipated at \$916,622. American Recovery and Reinvestment Act of 2009 (ARRA) award amount is \$458,311 and the remaining balance funded via WPCLF Capitalization Grant Fund installment loan totaling \$458,311 for twenty years at 2.75% interest was forgiven by the fund. On January 1, 2011, a loan was obtained from the Water Pollution Control Loan Fund for twenty years at 2.7% with payments made semi-annually. The Village anticipates increased sewer usage fees will be used to pay debt service.

Capital Road Project

In June of 2014, the Village was awarded a grant from the OPWC for surface road rehabilitation. Issue 2 Grant Funds have been distributed by the State of Ohio in the amount of \$243,075. A 20-Year no interest, Ohio Public Works Commission loan of \$56,621 was incurred based on the final cost of the Capital Road Project.

The remaining costs of the project were funded by a \$450,000 1-Year Note a 0.70% interest obtained through the Ohio Market Access Program issued on January 26, 2016. The 1-Year Note is due on January 24, 2017 along with a \$3,150 interest payment. The Village made a \$100,000 principal payment upon the maturity of the 1-Year note and restricted the remaining debt into a \$350,000 10-Year General Obligation Bond with a 3.95% interest.

Police Cruiser Lease

In June of 2018, the Village entered into a lease to own a Police Cruiser for \$34,345. The amount given at delivery was \$16,850 and the remaining was leased for 4 years.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt – (Continued)

Amortization

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

Year Ending December 31:	Leases	OWDA Loan	General Obligation Bonds	OPWC	Total
2021	\$7,344	\$14,173	\$42,117	\$2,831	\$66,465
2022		14,174	42,755	2,831	59,760
2023		14,174	41,333	2,831	58,338
2024		14,174	39,911	2,831	56,916
2025		14,174	38,488	2,831	55,493
2026-2036		70,870	37,066	29,725	137,661
Total	<u>\$7,344</u>	<u>\$141,739</u>	<u>\$241,670</u>	<u>\$43,881</u>	<u>\$434,634</u>

Note 10 – Jointly Governed Organizations

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC), NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representative from each county then elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2020. Contact NOPEC at 31320 Solon Road, Suite 20, Solon, OH 44139.

Note 11 – Related Party Transactions

The current Council Secretary Aishwarya Sharma (Parihar) is the daughter of Council Member Ritu Sharma and sister of Council member Shannon Parihar. The Village Council sets and approves the salary of the Council Secretary, which is \$62.84 per meeting. The stipend has remained constant since April 2014, which is prior to Aishwarya Sharma’s hire date of June 16, 2015.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrance		\$20,045			\$20,045
<i>Total</i>	\$0	\$20,045	\$0	\$0	\$20,045

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$0.00 (Zero Dollars) was sub-granted to other governments and organization, \$0.00 (Zero Dollars) was returned to the granting agency, and \$0.00 (Zero Dollars) was spent on-behalf of other governments. These amounts are reflected as security of persons & property and general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Village of Timberlake
Lake County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$227,880	\$13,080		\$240,960
Municipal Income Tax	125,408			125,408
Intergovernmental	102,598	34,781		137,379
Charges for Services	8,090			8,090
Fines, Licenses and Permits	25,116	206		25,322
Earnings on Investments	3,495	1,082		4,577
Miscellaneous	59,357			59,357
<i>Total Cash Receipts</i>	<u>551,944</u>	<u>49,149</u>	<u>0</u>	<u>601,093</u>
Cash Disbursements				
Current:				
Security of Persons and Property	269,975	1,293		271,268
Public Health Services	7,253			7,253
Leisure Time Activities	4,069			4,069
Community Environment	13,601			13,601
Basic Utility Services	528	586		1,114
Transportation	22,451	5,503		27,954
General Government	103,364	5,636		109,000
Capital Outlay	35,775			35,775
Debt Service:				
Principal Retirement			\$52,476	52,476
Interest and Fiscal Charges			17,363	17,363
<i>Total Cash Disbursements</i>	<u>457,016</u>	<u>13,018</u>	<u>69,839</u>	<u>539,873</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>94,928</u>	<u>36,131</u>	<u>(69,839)</u>	<u>61,220</u>
Other Financing Receipts (Disbursements)				
Transfers In			69,839	69,839
Transfers Out	(69,839)			(69,839)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(69,839)</u>	<u>0</u>	<u>69,839</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	25,089	36,131	0	61,220
<i>Fund Cash Balances, January 1 (Restated, See Note 3)</i>	<u>118,161</u>	<u>21,146</u>	<u>0</u>	<u>139,307</u>
Fund Cash Balances, December 31				
Restricted		57,277		57,277
Assigned	20,008			20,008
Unassigned (Deficit)	123,242			123,242
<i>Fund Cash Balances, December 31</i>	<u>\$143,250</u>	<u>\$57,277</u>	<u>\$0</u>	<u>\$200,527</u>

See accompanying notes to the basic financial statements

Village of Timberlake
Lake County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019

	Custodial
Operating Cash Receipts	
Charges for Services	\$4,600
Earnings on Investments (trust funds only)	257
Miscellaneous	400
	5,257
Operating Cash Disbursements	
Other	4,925
	4,925
<i>Total Operating Cash Receipts</i>	<i>5,257</i>
<i>Total Operating Cash Disbursements</i>	<i>4,925</i>
<i>Operating Income (Loss)</i>	<i>332</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<i>332</i>
Special Item	48,000
	48,332
<i>Net Change in Fund Cash Balances</i>	<i>48,332</i>
<i>Fund Cash Balances, January 1</i>	<i>469</i>
<i>Fund Cash Balances, December 31</i>	<i>\$48,801</i>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of Timberlake (the Village), Lake County, Ohio, 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 governmental services, street repair and maintenance, sewer utilities, and police services. The Village contracts with the City of Eastlake to provide rescue and fire protection services.

Public Entity Risk Pool and Related Organization

The Village participates in the Ohio Plan Risk Management, Inc., public entity risk pool and the Northeast Ohio Public Energy Council (NOPEC), jointly governed organization. Notes 6 and 10 to the financial statements provide additional information for these entities.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair - 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.

State Highway - The state highway fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, street signs, and repair of State Highway located within the Village.

Sanitary Sewer Maintenance - Lake County Department of Utilities receives charges for services from residents to cover the cost of providing this utility.

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

Note 2 – Summary of Significant Accounting Policies – (Continued)

Debt Service Funds *These* funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Sanitary Sewer OWDA Loan - This fund is for the repayment of the Water Pollution Control Loan, in which money is transferred in from the General Fund to cover the payment.

Paving Improvement OPWC Loan - This fund is for the repayment of the Ohio Public Works Commission loan and Erie Bank, in which money is transferred in from the General Fund to cover the payment.

Police Cruiser Lease - This fund is for the 2018 Police Cruiser lease, in which money is transferred in from the General Fund to cover the payment.

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

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's custodial funds accounts for security deposits for the rental of Village Hall. Also the Fire Insurance Demo fund receives money from an insurance company when a resident has a fire and the money is release to the resident after the repairs are completed and approved by the Village Zoning Department and Lake County Building Department.

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 Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) 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. Unencumbered appropriations lapse at year end.

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

Note 2 – Summary of Significant Accounting Policies – (Continued)

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 canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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

Note 2 – Summary of Significant Accounting Policies – (Continued)

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.

Note 3 – Restatement of Fund Balances

During fiscal year 2019, the Village implemented a new accounting system. As a result, the Capital Projects and Enterprise funds were eliminated due to negative fund balances at year end. The elimination in these funds had the following effect on the fund balances reported December 31, 2018:

	General Fund	Capital Projects	Enterprise	Total
Fund Balance December 31, 2018	\$192,124	(\$70,679)	(\$3,284)	\$118,161
Elimination of Funds	(73,963)	70,679	3,284	0
Restated Fund Balance December 31, 2018	\$118,161	\$0	\$0	\$118,161

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

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	\$474,764	\$551,944	\$77,180
Special Revenue	53,300	49,149	(4,151)
Debt Service	68,944	69,839	895
Total	\$597,008	\$670,932	\$73,924

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$576,263	\$572,326	\$3,937
Special Revenue	34,515	13,018	21,497
Debt Service	70,001	69,839	162
Total	\$680,779	\$655,183	\$25,596

Note 5 – Deposits and Investments

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

	2019
Demand deposits	\$25,448
Total deposits	25,448
STAR Ohio	174,978
STAR Ohio-Fire Demo Agency	48,901
Total investments	223,880
Total deposits and investments	\$249,328

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

Note 5 – Deposits and Investments – (Continued)

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 1.0 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. In the latter case, the Village allows a 50 percent credit on the income earned outside of Village and paid to another municipality.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Central Collection Agency (CCA) monthly as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The taxes are collected by CCA and remitted to the Village monthly.

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.

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

Note 7 – Risk Management – (Continued)

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.

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, 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 is 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

Most Village employees and Elected Officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

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

Note 8 – Defined Benefit Pension Plans – (Continued)

Social Security

Some of the Village elected officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for 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
General Obligation Bonds	\$248,000	3.95%
Ohio Water Development Authority Loan	133,754	2.75%
Ohio Public Work Commission	46,712	0%
Police Cruiser Lease	12,133	12.50%
Total	\$440,598	

Sanitary Sewer Rehabilitation Project

On October 29, 2009, the Village started a sanitary sewer rehabilitation project whose cost was anticipated at \$916,622. American Recovery and Reinvestment Act of 2009 (ARRA) award amount is \$458,311 and the remaining balance funded via WPCLF Capitalization Grant Fund installment loan totaling \$458,311 for twenty years at 2.75% interest was forgiven by the fund. On January 1, 2011, a loan was obtained from the Water pollution Control Loan Fund for twenty years at 2.7% with payments made semi-annually. The Village anticipates increased sewer usage fees will be used to pay debt service.

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

Note 10 – Debt – (Continued)

Capital Road Project

In June of 2014, the Village was awarded a grant from the OPWC for surface road rehabilitation. Issue 2 Grant Funds have been distributed by the State of Ohio in the amount of \$243,075. A 20-Year no interest, Ohio Public Works Commission loan of \$56,621 was incurred based on the final cost of the Capital Road Project.

The remaining costs of the project were funded by a \$450,000 1-Year Note a 0.70% interest obtained through the Ohio Market Access Program issued on January 26, 2016. The 1-Year Note is due on January 24, 2017 along with a \$3,150 interest payment. The Village made a \$100,000 principal payment upon the maturity of the 1-Year note and restricted the remaining debt into a \$350,000 10-Year General Obligation Bond with a 3.95% interest.

Police Cruiser Lease

In June of 2018, the Village entered into a lease to own a Police Cruiser for \$34,345. The amount given at delivery was \$16,850 and the remaining was leased for 4 years.

Amortization

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

Year Ending December 31:	Leases	OWDA Loan	General Obligation Bonds	OPWC	Total
2020	\$7,306	\$14,174	\$43,460	\$2,831	\$67,771
2021	7,344	14,174	42,117	2,831	66,466
2022		14,174	42,755	2,831	59,760
2023		14,174	41,333	2,831	58,338
2024		14,174	39,911	2,831	56,916
2025-2036		85,043	75,554	32,557	193,154
Total	<u>\$14,650</u>	<u>\$155,913</u>	<u>\$285,130</u>	<u>\$46,713</u>	<u>\$502,406</u>

Note 11 – Jointly Governed Organizations

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC), NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

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

Note 11 – Jointly Governed Organizations – (Continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representative from each county then elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2019. Contact NOPEC at 31320 Solon Road, Suite 20, Solon, OH 44139.

Note 12 – Related Party Transactions

The current Council Secretary Aishwarya Sharma (Parihar) is the daughter of Council Member Ritu Sharma and sister of Council member Shannon Parihar. The Village Council sets and approves the salary of the Council Secretary, which is \$62.84 per meeting. The stipend has remained constant since April 2014, which is prior to Aishwarya Sharma's hire date of June 16, 2015.

Note 13– Subsequent Events

In July 2019, Fiscal Officer resigned after eight months of being hired. Mayor filled in as Fiscal Officer until new Fiscal Officer was hired on September 2, 2019. Several reports were not filed on time during January 2019 and September 2019 which resulted in \$4,568.89 in late fees and penalties. The Village hired Local Government Services to reconcile year 2017 and 2018 which resulted in costing \$7,722.50. The newly hired Fiscal Officer converted the Village to the UAN software (Uniform Accounting Network).

**VILLAGE OF TIMBERLAKE
LAKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDING NUMBER 2020-001

Noncompliance Finding - Appropriation Measure

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

The Village passed their 2019 permanent appropriations on November 19, 2019, which is after the required deadline. We were not provided any temporary appropriation measure passed by the Village.

The Village should pass their annual appropriation measure on or about the first day of each fiscal year, or pass a temporary appropriation measure prior to the April 1 deadline for permanent appropriation.

Officials' Response:

A new experience Fiscal Officer was hired in September 2019 in which this was corrected in year 2020.

FINDING NUMBER 2020-002

Noncompliance Finding - No Amended Official Certificate

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2019. This was not detected by the Village due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The Fiscal Officer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.

Officials' Response:

A new experience Fiscal Officer was hired in September 2019 in which this was corrected in year 2020.

FINDING NUMBER 2020-003

Noncompliance Finding - Public Records Policy

Ohio Rev. Code § 149.43(E)(2) requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Village has established a public records policy to address the Village's available records, the times when public records may be inspected, and the costs associated with records requests; however, the aforementioned policy was not provided to the records custodian/manager and the Village did not have the custodian/manager acknowledge receipt of the Public Records Policy.

Failure to provide the public records policy to the records custodian/manager can lead to untimely response and noncompliance.

The Village should provide the public records policy to the records custodian/manager and have acknowledgement of receipt.

Officials' Response:

Mayor, Council Members and Employees in supervisory positions will attend the required public records training.

FINDING NUMBER 2020-004

Internal Control Deficiency and Noncompliance Finding - Building and Zoning Permits and Fees

The **Village of Timberlake Codified Ordinance Chapter 1442** provide for the permits and fees for all building and zoning related activities. The **Village of Timberlake Codified Ordinance 1444.07(a)** sets the contractor registration yearly fee of \$100 which is effective January 1st through December 31st. For all registrations requested after June 30th through December 31st, a fee of \$60 should be charged.

During 2019, five contractors were overcharged for registrations submitted after June 30, 2019 and during 2020, 12 contractors were overcharged for registrations submitted after June 30, 2020 resulting in a total overpayment of \$680 during the audit period.

Due to lack of documentation of permit description and/or unclear fee schedules for permit receipts, 42 of the 55 receipts in 2019 and 29 of the 58 receipts in 2020 were unable to be used in the determination if the proper fee was charged.

Failure to charge the correct amount for contractor registration fee and/or permits can result in under/overcharging of the residents and the Village. Additionally, this could have led to under/overpayment to the Zoning Inspector who during the audit period was paid half of the zoning receipts that were brought in monthly.

FINDING NUMBER 2020-004 – (Continued)

The Village should better document and maintain their zoning permit records in order to correctly charge Village residents and prevent errors from occurring.

Officials' Response:

Council will pass legislation setting contractor registration and zoning permit fees.

FINDING NUMBER 2020-005

Noncompliance Finding - Availability of Public Records

Ohio Rev. Code § 149.43(B)(1) indicates upon request and subject to division (B)(8) of this section, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. **Ohio Rev. Code § 149.43(B)(2)** indicates to facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this section.

Various public record requests for the 2019-2020 financial statement audit were not able to be produced including various itemized receipts for credit card transactions, a supporting invoice for a disbursement in 2019, zoning permit receipt records, proper fee schedules, and multiple public record request documentation.

Failure to maintain readily available supporting documentation for all transactions hinders management's ability to ensure the Village's funds are being deposited into the proper accounts, the correct amounts are being charged for collection of fees, and funds are expended for proper public purposes. This may also lead to financial statement and other accounting errors.

The Village should implement policies and procedures to ensure all public records are properly maintained and are readily available for public inspection.

Officials' Response:

Mayor, Council Members and Employees in supervisory positions will attend the required public records training.

FINDING NUMBER 2020-006

Internal Control Deficiency - Financial Statement Adjustments

In our audit engagement letter, as required by **AU-C Section 210, Terms of Engagement**, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in **AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions** introduced five fund balance classifications and clarified the existing governmental fund type definitions. **Statement 54 Paragraph 16** (codified in GASB Cod. 1800.176) indicates when an appropriation measure is adopted for the subsequent year, if a portion of the existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Auditor of State Bulletin 2011-004 provides additional guidance on GASB Statement 54.

The following errors were identified in the 2020 financial statements by management:

FINDING NUMBER 2020-006 – (Continued)

- General fund beginning fund cash balance was overstated \$15,593 and miscellaneous revenue was understated \$15,593 due to the incorrect fund cash balance used for January 1. This item was adjusted to the financial statements as approved by management.
- Special revenue funds' beginning fund cash balance and general governmental expense were understated \$15,753, respectively, due to the use of an incorrect fund cash balance for January 1. These items were adjusted to the financial statements as approved by management.
- Debt Service funds' principal retirement was understated \$818 and interest and fiscal charged was overstated \$818 due to being incorrectly classified on the financial statements. These items were adjusted to the financial statements as approved by management.
- Custodial funds' beginning cash fund balance was overstated \$13 and other amounts collected for distributions was understated \$13 due to the use of an incorrect fund cash balance for January 1. These items were adjusted to the financial statements as approved by management.

The following errors were identified in the 2019 financial statements by management:

- General fund beginning fund cash balance and unassigned fund balance were overstated \$44,605 and \$20,008, respectively, and miscellaneous revenue and assigned fund balance were understated \$44,605 and \$20,008, respectively, due to the net effect of various financial statement mispostings. These items were adjusted to the financial statements as approved by management.
- Special revenue funds' property and other local taxes was overstated \$6,398 and intergovernmental revenue, general governmental expense, beginning fund cash balance were understated \$6,398, \$5,636, and \$5,636, respectively; due to the net effect of various financial statement mispostings. These items were adjusted to the financial statements as approved by management.
- Special revenue funds' property and other local taxes was overstated \$519 and intergovernmental revenue was understated \$519 due to the net effect of various financial statement mispostings. This adjustment was reported to management as an unadjusted item.
- Debt service funds' principal retirement and interest and fiscal chargers were overstated \$1,146 and \$363, respectively, and principal retirement and interest and fiscal charges were understated \$363 and \$1,146, respectively, due to being incorrectly classified on the financial statements based on gross misstatement amounts. These items were adjusted to the financial statements as approved by management.
- Custodial funds' beginning cash fund balance was overstated \$400 and miscellaneous revenue was understated \$400 due to an incorrect fund cash balance for January 1. These items were adjusted to the financial statements as approved by management.

The Village should exercise due care when posting transactions to help ensure transactions are correct and posted to the proper accounts. Management should also review the financial statements to help ensure they are supported by sufficient documentation, reconciled to the trial balances, free of obvious errors and omissions, and consistent with their financial expectations. These procedures should help avoid financial statement errors and help ensure more accurate financial reporting.

Officials' Response:

As noted above these items have been corrected.

FINDING NUMBER 2020-007

Noncompliance Finding - Public Records Training

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their appropriate designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide 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.

Two of Six (33%) of the Village's elected officials with terms ending in 2019 and 2020, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their appropriate designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

Officials' Response:

This was due to the result of Council members resigning and new Council members being appointed or elected. Mayor and Council Members will attend the required public records training.

FINDING NUMBER 2020-008

Noncompliance Finding - HB 481 and 614 Coronavirus Relief Funds

HB 481 and HB 614 require all Coronavirus Relief Fund (CRF) payments to be encumbered, including payroll and interest which are not normally encumbered under Ohio law. Many accounting systems require local governments to create a Purchase Order ("PO") to reclassify these payments. For items such as payroll or interest, OBM and AOS advised local governments to pass ordinances or resolutions (containing the same information that would ordinarily be included in a PO) to effectively encumber these amounts under Ohio Rev. Code §5705.41(D).

Per review of the Appropriation Status Report as of November 20, 2020, the Village had an unencumbered balance of \$51,898 which was not properly encumbered. Failure to properly follow the federal requirements for encumbering CARES funds could lead to improper spending of funds and failure to return the proper amount to the county by the deadline.

The Village should assure that all Federal and State requirements related to the Coronavirus Relief Funds are appropriately followed to assure compliance.

Officials' Response:

This was a result of a notice sent out prior to November 20, 2020 which was interpretation by the Village where they indicated that the funds have to be spent by December 31, 2020.

FINDING NUMBER 2020-009

Noncompliance Finding - Public Official Bond

Ohio Rev. Code § 3.30 indicates a person elected or appointed to an office who is required by law to give a bond or security previous to the performance of the duties imposed on him by his office, who refuses or neglects to give such bond or furnish such security within the time and in the manner prescribed by law, and in all respects to qualify himself for the performance of such duties, is deemed to have refused to accept the office to which he was elected or appointed. Such office shall be considered vacant and shall be filled as provided by law. **Village of Timberlake Codified Ordinance 260.02 - Bond Required; Filing and Recording** indicates that each officer of the Village required by law or ordinance to give bond shall do so before entering upon the duties of the office, except as otherwise provided in Title Seven of the Ohio Revised Code. The bond of the Fiscal Officer shall be delivered to the Mayor, who shall in like manner record and preserve it.

While an insurance policy did cover the Fiscal Officer, **1965 Op. Atty. Gen. No. 1965-087** discusses that where it is provided by statute that an officer shall file a bond before entering upon the discharge of the duties of the office, that bond must be an individual official bond. If the requirement is not included in the statute, then an umbrella or blanket bond will satisfy the bonding requirement. As bonding is required by statute/ordinance prior to the discharge of duties, the Village Fiscal Officer would be required to obtain and file an individual bond in their name.

The Fiscal Officer hired in September 2019 did not post a bond in their name as required until January 1, 2020. Failure to post a bond increases the Village's risk of loss related to employee theft or dishonestly and results in the employee's official position being considered "vacant" under Ohio law.

The Village shall require its employees which are required to be bonded to obtain the required bonds before taking office.

Officials' Response:

This was corrected in year 2020.

FINDING NUMBER 2020-010

Internal Control Deficiency - Budgetary Accounting

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

FINDING NUMBER 2020-010 – (Continued)

The following funds had variances between the Council approved appropriations and the accounting system in Fiscal Year 2019:

Fund	Council Approved Appropriations	Accounting System Recorded Appropriations	Variance
General Fund	\$ 576,263	\$ 568,458	\$ 7,805
State Highway Fund	5,155	4,155	1,000

The following funds had variances between the certificate of estimated resources and the accounting system estimated revenue in Fiscal Year 2019:

Fund	Council Approved Estimated Revenue	Accounting System Recorded Estimated Revenue	Variance
General Fund	\$ 474,764	\$ 420,253	\$ 54,511

The following funds had variances between the certificate of estimated resources and the accounting system estimated revenue in Fiscal Year 2020:

Fund	Council Approved Estimated Revenue	Accounting System Recorded Estimated Revenue	Variance
General Fund	\$ 455,249	\$ 424,216	\$ 31,033

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations and amendments thereof approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources and amendments thereof was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response:

Village Council receives, reviews and approves each month all reports print from the UAN system.

FINDING NUMBER 2020-011

Noncompliance Finding and Internal Control Deficiency – Building Inspector Pay

Village of Timberlake Ordinance No. 2019-2 and 2020-3 indicates the Building Inspector salary shall be in the amount of \$41.21, per month; or “the amount equal to one-half the total value of permits issued for the month, whichever is greater”.

Our payroll testing noted the Building inspector was paid a total of \$3,575 and \$3,241 for fiscal year 2020 and 2019, respectively. Our recalculation shows based on the correct rate of contractor registration permits, the building inspector should have received only \$3,336 and \$3,129 for fiscal year 2020 and 2019, respectively, resulting in a total overpayment of \$351.

To prevent this from occurring in the future, management should review the payroll journal and should reconcile the net pay from the payroll journal to the amount direct deposited from the payroll bank account each month. If errors are discovered during this process, management should take immediate action to correct the incorrectly recorded amounts.

Officials’ Response:

Council passed a payroll Ordinance starting in year 2021 where the Zoning Inspector receives a set monthly salary.



VILLAGE OF TIMBERLAKE
 11 EAST SHORE • TIMBERLAKE, OHIO 44095
VILLAGE OF TIMBERLAKE
LAKE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020-2019

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2018-001	Internal Control Deficiency- Budgetary Accounting –Several funds had variances between what was approved and what was input in the accounting system.	No	Not Corrected. There still are several instances of budgetary amounts not being entered into the system correctly.
2018-002	Noncompliance Finding- Appropriations Exceeding Estimated Resources – One fund had the appropriations exceeding certified revenue.	Yes	
2018-003	Noncompliance Finding- Annual Financial Reporting – Both years financial statements were filed late on the Hinkle System.	Yes	
2018-004	Internal Control Deficiency- Financial Statement Adjustment – We noted several financial statement adjustments between various funds.	No	Partially Corrected. There are several financial statement adjustments needed, but there is improvement compared to the prior engagement report.
2018-005	Noncompliance Finding - Availability of Public Records - Several items of support documentation were not able to be provided for review.	No	Not Corrected. For 2019 there are still several instances of missing supporting documentation.
2018-006	Internal Control Deficiency and Noncompliance Finding - Fiscal Officer and Council Member Pay – There were two issues noted with the Fiscal Officer's pay and a council member pay.	Yes	
2018-007	Internal Controls Deficiency, Noncompliance Finding and Finding For Recovery- Child Support Over payments – Two police officer's child support payments were made by the Village after they left service at the Village.	No	Partially Corrected. Of the two police officers listed in the finding, only one has repaid his finding in full.
2018-008	Noncompliance Finding - Remittance Payments – The Village failed to remit payments in a timely manner to several	Yes	

	taxing agencies.		
2018-009	Noncompliance Finding and Finding for Recovery Partially Repaid Under Audit-Overdraft Fees, Late Fees, Penalties and Interest – Several fees charged for various late payments made throughout the year.	Yes	Issue did not appear in current engagement. There were no payments made by those whom the finding was issued against.
2018-010	Internal Control Deficiency and Noncompliance Finding- Credit Card Policy –The Village did not have a policy in place that was in compliance with HB 312, also an employee incorrectly used a credit card but it was corrected by management.	Yes	
2018-011	Internal Control Deficiency- Disaster Recovery Plan –The Village did not have a Disaster recovery plan in place.	Yes	
2018-012	Noncompliance Finding - Negative Fund Balance – Several funds had a negative fund balance at the end of the year.	Yes	
2018-013	Internal Control Deficiency - Bank Reconciliation –The Bank reconciliation noted large variances and resulted in a delay to the audit and LGS reconstruction.	Yes	
2018-014	Noncompliance Finding - Public Official Bond – One of the former Fiscal Officers was not bonded for their time in the position.	No	Partially Corrected. There was another instance of the Fiscal officer not being bonded for a period of time during the beginning of their role. As of the beginning of fiscal year 2020, said Fiscal Officer was bonded.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF TIMBERLAKE

LAKE 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 10/7/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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