



**Auditor of State
Betty Montgomery**

VILLAGE OF TRIMBLE
ATHENS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2004	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2003	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	21

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**Auditor of State
Betty Montgomery**

Village of Trimble
Athens County
19549 Congress Street
P.O. Box 121
Trimble, Ohio 45782

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 6, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Trimble
Athens County
19549 Congress Street
P.O. Box 121
Trimble, Ohio 45782

To the Village Council:

We have audited the accompanying financial statements of the Village of Trimble, Athens County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

For 2003, there was insufficient audit evidence regarding supporting documentation for fifty-three percent (53%) of General Fund cash disbursements, fifty-eight percent (58%) of Special Revenue Funds cash disbursements and sixty-seven percent (67%) of Enterprise Funds cash disbursements. For 2004, there was insufficient audit evidence for twelve percent (12%) of General Fund cash disbursements, nine percent (9%) of Special Revenue Funds cash disbursements and sixteen percent (16%) of Enterprise Funds cash disbursements. This was the direct result of several floods that devastated the Village in 2004 that destroyed these supporting records.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, except for the effects of adjustments, if any, that might have been determined to be necessary had we been able to examine the supporting documentation for cash disbursements in 2003 and 2004, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Trimble, Athens County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

October 6, 2005

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 28,357	\$ 15,397	\$ 43,754
Intergovernmental Receipts	16,476	52,659	69,135
Fines, Licenses, and Permits	6,755		6,755
Earnings on Investments	330	59	389
Miscellaneous	22,822	290	23,112
Total Cash Receipts	<u>74,740</u>	<u>68,405</u>	<u>143,145</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	16,218	4,111	20,329
Basic Utility Services		7,420	7,420
Transportation		21,098	21,098
General Government	41,462		41,462
Debt Service:			
Redemption of Principal	13,396		13,396
Interest Payments	550		550
Total Cash Disbursements	<u>71,626</u>	<u>32,629</u>	<u>104,255</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,114</u>	<u>35,776</u>	<u>38,890</u>
Other Financing Receipts/(Disbursements):			
Other Debt Proceeds	11,712		11,712
Total Other Financing Receipts/(Disbursements)	<u>11,712</u>	<u>0</u>	<u>11,712</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and and Other Financing Disbursements	<u>14,826</u>	<u>35,776</u>	<u>50,602</u>
Fund Cash Balances, January 1	<u>24,230</u>	<u>15,530</u>	<u>39,760</u>
Fund Cash Balances, December 31	<u>\$ 39,056</u>	<u>\$ 51,306</u>	<u>\$ 90,362</u>
Reserves for Encumbrances, December 31	<u>\$ 4,785</u>	<u>\$ 24,304</u>	<u>\$ 29,089</u>

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

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 69,952	\$	\$ 69,952
Total Operating Cash Receipts	<u>69,952</u>	<u>0</u>	<u>69,952</u>
Operating Cash Disbursements:			
Personal Services	10,546		10,546
Fringe Benefits	4,395		4,395
Contractual Services	55,371		55,371
Supplies and Materials	3,333		3,333
Total Operating Cash Disbursements	<u>73,645</u>	<u>0</u>	<u>73,645</u>
Operating Income/(Loss)	<u>(3,693)</u>	<u>0</u>	<u>(3,693)</u>
Non-Operating Cash Receipts:			
Other Debt Proceeds	11,712		11,712
Other Non-Operating Receipts		7,530	7,530
Total Non-Operating Cash Receipts	<u>11,712</u>	<u>7,530</u>	<u>19,242</u>
Non-Operating Cash Disbursements:			
Redemption of Principal	13,396		13,396
Interest Payments	551		551
Other Non-Operating Cash Disbursements		7,665	7,665
Total Non-Operating Cash Disbursements	<u>13,947</u>	<u>7,665</u>	<u>21,612</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(5,928)	(135)	(6,063)
Fund Cash Balances, January 1	<u>28,959</u>	<u>505</u>	<u>29,464</u>
Fund Cash Balances, December 31	<u>\$ 23,031</u>	<u>\$ 370</u>	<u>\$ 23,401</u>
Reserve for Encumbrances, December 31	<u>\$ 1,985</u>	<u>\$ 0</u>	<u>\$ 1,985</u>

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

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 25,566	\$ 15,293	\$ 40,859
Intergovernmental Receipts	13,241	13,765	27,006
Fines, Licenses, and Permits	6,244		6,244
Earnings on Investments	351	53	404
Miscellaneous	5,019	524	5,543
	<u>50,421</u>	<u>29,635</u>	<u>80,056</u>
Total Cash Receipts			
	<u>50,421</u>	<u>29,635</u>	<u>80,056</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	14,942	4,282	19,224
Basic Utility Services		6,652	6,652
Transportation		20,689	20,689
General Government	41,129		41,129
Debt Service:			
Redemption of Principal	15,096		15,096
Interest Payments	785		785
	<u>71,952</u>	<u>31,623</u>	<u>103,575</u>
Total Cash Disbursements			
	<u>71,952</u>	<u>31,623</u>	<u>103,575</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(21,531)	(1,988)	(23,519)
Other Financing Receipts/(Disbursements):			
Other Debt Proceeds	13,478		13,478
	<u>13,478</u>		<u>13,478</u>
Total Other Financing Receipts/(Disbursements)			
	<u>13,478</u>	<u>0</u>	<u>13,478</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,053)	(1,988)	(10,041)
Fund Cash Balances, January 1	<u>32,283</u>	<u>17,518</u>	<u>49,801</u>
Fund Cash Balances, December 31	<u>\$ 24,230</u>	<u>\$ 15,530</u>	<u>\$ 39,760</u>
Reserves for Encumbrances, December 31	<u>\$ 3,539</u>	<u>\$ 1,823</u>	<u>\$ 5,362</u>

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

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 72,825	\$	\$ 72,825
Total Operating Cash Receipts	<u>72,825</u>	<u>0</u>	<u>72,825</u>
Operating Cash Disbursements:			
Personal Services	11,363		11,363
Fringe Benefits	2,892		2,892
Contractual Services	59,956		59,956
Supplies and Materials	3,841		3,841
Total Operating Cash Disbursements	<u>78,052</u>	<u>0</u>	<u>78,052</u>
Operating Income/(Loss)	<u>(5,227)</u>	<u>0</u>	<u>(5,227)</u>
Non-Operating Cash Receipts:			
Other Debt Proceeds	13,478		13,478
Other Non-Operating Receipts		7,805	7,805
Total Non-Operating Cash Receipts	<u>13,478</u>	<u>7,805</u>	<u>21,283</u>
Non-Operating Cash Disbursements:			
Redemption of Principal	15,096		15,096
Interest Payments	785		785
Other Non-Operating Cash Disbursements		10,250	10,250
Total Non-Operating Cash Disbursements	<u>15,881</u>	<u>10,250</u>	<u>26,131</u>
Net Cash Receipts Over/(Under) Cash Disbursements	<u>(7,630)</u>	<u>(2,445)</u>	<u>(10,075)</u>
Fund Cash Balances, January 1	<u>36,589</u>	<u>2,950</u>	<u>39,539</u>
Fund Cash Balances, December 31	<u>\$ 28,959</u>	<u>\$ 505</u>	<u>\$ 29,464</u>
Reserve for Encumbrances, December 31	<u>\$ 2,363</u>	<u>\$ 0</u>	<u>\$ 2,363</u>

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

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Trimble, Athens County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides maintenance of Village streets, water utility services, and street light services. The Village contracts with the Village of Glouster for police and fire protection and with the Village of Jacksonville for fire protection.

The Village is associated with the Trimble Township Wastewater Treatment District, which is defined as a jointly governed organization. This organization is presented in Note 9.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

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

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received. The Village maintains the Mayor's Court activity in a separate bank account.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

Street Levy Fund – This fund receives property tax money for constructing, maintaining and repairing Village streets.

Electric Operating Permanent Improvement Fund – This fund receives property tax money for the lighting of Village streets.

Fire Fund – This fund receives property tax money to maintain and equip the fire department.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

4. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as Agency Funds. The Village had the following Fiduciary Fund:

Mayor's Court Fund – This agency fund accounts for the financial activity of the Mayor's Court.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	2004	2003
Demand deposits	\$ 100,602	\$ 56,063
Certificates of deposit	13,161	13,161
Total deposits	\$ 113,763	\$ 69,224

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 73,197	\$ 86,452	\$ 13,255
Special Revenue	59,480	68,405	8,925
Enterprise	71,000	81,664	10,664
Total	\$ 203,677	\$ 236,521	\$ 32,844

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,547	\$ 76,411	\$ (2,864)
Special Revenue	43,073	56,933	(13,860)
Enterprise	86,797	89,577	(2,780)
Total	<u>\$ 203,417</u>	<u>\$ 222,921</u>	<u>\$ (19,504)</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 39,800	\$ 63,899	\$ 24,099
Special Revenue	25,800	29,635	3,835
Enterprise	65,000	86,303	21,303
Total	<u>\$ 130,600</u>	<u>\$ 179,837</u>	<u>\$ 49,237</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 62,401	\$ 75,491	\$ (13,090)
Special Revenue	43,365	33,446	9,919
Enterprise	86,141	96,296	(10,155)
Total	<u>\$ 191,907</u>	<u>\$ 205,233</u>	<u>\$ (13,326)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, FEMA Fund and Water Operating Fund for 2004 by \$2,864, \$23,227, and \$2,779, respectively. Budgetary expenditures exceeded appropriation authority in the General Fund and Water Operating Fund for 2003 by \$13,090 and \$10,156, respectively.

4. PROPERTY TAX

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

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

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

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest
Truck/Building Loan	\$ 22,205	4.625%

The truck/building loan was received in 2002 in order to provide cash for the construction of a building and the purchase of a truck. The loan was refinanced in July of 2003, 2004, and 2005. The full faith and credit of the Village has been pledged to repay the loan.

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

Year Ending December 31:	Truck/Building Loan
2005	\$ 3,579
2006	20,027
Total	\$ 23,606

6. RETIREMENT SYSTEMS

The employees of the Village, as well as some elected officials, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of OPERS participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2004, three Village elected officials, the Mayor's Court Clerk, and the Village Administrator have elected Social Security. The Village of Trimble's liability is 6.2% of wages paid.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Property;
- Public officials liability;
- Errors and omissions.

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

8. OTHER LIABILITIES

The Village was assessed a claim by the Bureau of Workers' Compensation (BWC) of \$115.50 per week, commencing on May 20, 1999, relating to a former employee's claim. As of December 31, 2004, the Village has refused to pay this claim and has appealed. No settlements have been made. The total due as of December 2004 is estimated to be \$33,252. However, if the claim assessed by BWC were paid by the Village over the full life expectancy of the former employee, the total could reach \$200,000.

9. JOINTLY GOVERNED ORGANIZATION

Trimble Township Wastewater Treatment District – The Trimble Township Wastewater Treatment District (the 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 Trustees whose membership is composed of two appointments from each of the participating subdivisions: 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 fiscal control of the financial resources of the District. To obtain financial information, write to the Trimble Township Wastewater Treatment District, Joy Hemsley, Secretary-Treasurer, at 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740. During 2003, the Village paid the District \$241 for sewer services. During 2004, the Village paid the District \$240 for sewer services.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Trimble
Athens County
19549 Congress Street
P.O. Box 121
Trimble, Ohio 45782

To the Village Council:

We have audited the financial statements of Village of Trimble, Athens County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 6, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and where we noted that we were unable to audit for 2003, fifty-three percent (53%) of General Fund cash disbursements, fifty-eight percent (58%) of Special Revenue Funds cash disbursements and sixty-seven percent (67%) of Enterprise Funds cash disbursements, and for 2004, twelve percent (12%) of General Fund cash disbursements, nine percent (9%) of Special Revenue Funds cash disbursements and sixteen percent (16%) of Enterprise Funds cash disbursements. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2004-001 and 2004-002.

Village of Trimble
Athens County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Village's management dated October 6, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2004-002 to 2004-004. In a separate letter to the Village's management dated October 6, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Village Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 6, 2005

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Reportable Condition - Mayor's Court

When designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management's policies;
- Ensure that accounting records are properly designed;
- Ensure adequate security of assets and records;
- Plan for adequate segregation of duties or compensating controls;
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records;
- Perform analytical procedures to determine the reasonableness of financial data;
- Ensure the collection and compilation of data needed for the timely preparation of financial statements; and,
- Monitor activities performed by service organizations.

The following internal control weaknesses were noted during 2003 and 2004, which increased the risk that transactions recorded in the Mayor's Court were not accurate or complete:

- A. Tickets were issued out of sequence and/or could not be accounted for. Also, the Police Department did not maintain a listing of tickets issued, including voided tickets. Few controls existed over unissued tickets and voided tickets were not presented for audit.
- B. Duplicate receipts were only issued for cash receipts; no receipts were issued for checks and money orders collected.
- C. Receipts posted to the cashbook were not classified, did not include a receipt number, and did not include a case number. No disbursements were posted to the cashbook. No balance was kept in the cashbook.
- D. The disposition of each traffic case was not documented on the back of the white copy of the traffic ticket.
- E. The disposition of each case was not always documented on the court docket.

Because of these internal control weaknesses we could not gain assurance over the following:

- All citations issued by the Village of Glouster police department on behalf of the Village of Trimble were entered into the Village of Trimble's Mayor's Court records;
- All costs due to the State of Ohio were properly collected and remitted; and
- Fines charged agree to the Village's fine schedule.

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2004-001 (Continued)

Reportable Condition – Mayor’s Court (Continued)

We recommend the Mayor develop and implement controls in the Court that include the following:

- A. Assign a sequential case number to each case file and write the case number on the outside of each case file and require the Village of Glouster police department to provide a ledger of all tickets issued, void and unused.
- B. Issue a duplicate receipt for all receipts.
- C. When posting a receipt to the cashbook, include the receipt number, case number, and classify the receipt. Include disbursements on the cashbook and a cash balance at the end of each month.
- D. Post the disposition of each traffic offense to the back of the white copy of each ticket.
- E. Post the disposition of each case to the court docket.

FINDING NUMBER 2004-002

Noncompliance Citation/Reportable Condition - Budgetary

Ohio Admin. Code Section 117-2-02(C)(1) requires the government’s internal controls to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The Village Clerk did not accurately post estimated revenue and appropriations into the accounting system. For 2003, estimated revenue for the General Fund was posted for \$4,800 less than the amount certified by the County Budget Commission. Also, for 2003, appropriations for the General Fund were posted for \$4,799 more than amounts approved by the Village Council, and Special Revenue Funds appropriations were posted for \$33,464 more than amounts approved by the Village Council. For 2004, appropriations for the General Fund were posted for \$23,880 more than amounts approved by the Village Council and Special Revenue Funds were posted for \$31,935 more than amounts approved by the Village council. Due to the fact that the budgeted information posted into the accounting system was not always correct, Village management was unable to effectively monitor budget versus actual activity.

We recommend the Village Clerk accurately post estimated revenue as certified by the County Budget Commission and appropriations as approved by Village Council into the computer system. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**VILLAGE OF TRIMBLE
ATHENS COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2004-003

Noncompliance Citation

Ohio Rev. Code Section 149.351 establishes guidelines against the destruction or damage of records. All records are the property of the public officer and shall not be removed, destroyed, mutilated, transferred, damaged or otherwise disposed of, in whole or in part, except as provided by law or under the rules adopted by the Records Commission provided under Sections 149.38 to 149.52 of the Ohio Revised Code.

The Village Hall was devastated by several floods in 2004. The following records were not available for audit, due to destruction caused by the flooding:

- A. For 2003, there was insufficient audit evidence regarding supporting documentation for fifty-three percent (53%) of General Fund cash disbursements, fifty-eight percent (58%) of Special Revenue Funds cash disbursements and sixty-seven percent (67%) of Enterprise Funds cash disbursements. For 2004, there was insufficient audit evidence for twelve percent (12%) of General Fund cash disbursements, nine percent (9%) of Special Revenue Funds cash disbursements and sixteen percent (16%) of Enterprise Funds cash disbursements. The supporting records should have included items such as a voucher package, which should include an original invoice, check voucher, and copy of the purchase order.
- B. Sixteen of the twenty-four original bank statements and canceled checks from the audit period (copies were obtained from bank).
- C. 2004 timesheets.

This resulted in a lack of supporting documentation for the Village's financial records and our inability to audit those records.

We recommend the Village Council and management take the necessary steps to ensure the integrity of the Village records. The Village should develop a disaster recovery plan which could include the off-site storage and periodic backup of critical financial records and/or other information (both financial and operational). This could include, but not be limited to, off-site storage and protection of current (vouchers, receipts, financial ledgers, etc.) and permanent records (minutes, payroll, etc.).

FINDING NUMBER 2004-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2004-004 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

Budgetary expenditures (actual disbursements plus year-end encumbrances) exceeded appropriation authority (appropriations plus carry-over encumbrances) at December 31, 2003, in the following funds:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 62,401	\$ 75,491	\$ (13,090)
Water Operating	86,141	96,297	(10,156)

Budgetary expenditures (actual disbursements plus year-end encumbrances) exceeded appropriation authority (appropriations plus carry-over encumbrances) at December 31, 2004, in the following funds:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,547	\$ 76,411	\$ (2,864)
Water Operating	86,797	89,576	(2,779)
FEMA	0	23,227	(23,227)

This could result in the Township spending more money than is available to spend.

The Township Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**VILLAGE OF TRIMBLE
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for the Clerk not signing purchase orders to certify them.	No	Partially Corrected: This situation is no longer as significant and the issue is repeated in the current audit Management Letter.
2002-002	A finding for recovery issued against the Mayor's Court Fund in favor of the Treasury of the State of Ohio.	Yes	N/A
2002-003	A material weakness was noted for Mayor's Court.	No	Partially Corrected: The finding is repeated in the current audit Schedule of Findings as item 2004-001.



**Auditor of State
Betty Montgomery**

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VILLAGE OF TRIMBLE

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 29, 2005**