



Dave Yost • Auditor of State

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Trimble Township Waste Water Treatment District
Athens County
18551 Jacksonville Road
P.O. Box 278
Jacksonville, Ohio 45740

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statement and related notes of the Trimble Township Waste Water Treatment District, Athens County, Ohio (the District), as of and for the year ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the District prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined cash balances of the Trimble Township Waste Water Treatment District, Athens County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 11, 2013

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
	Enterprise Fund Type	Enterprise Fund Type
Operating Cash Receipts:		
Charges for Services	\$549,186	\$492,339
Miscellaneous	22,400	17,847
	<u>571,586</u>	<u>510,186</u>
Operating Cash Disbursements:		
Personal Services	218,317	205,456
Utilities	51,932	54,290
Transportation	10,272	6,892
Purchased and Other Contractual Services	63,276	74,827
Supplies and Materials	33,492	21,415
Capital Outlay	99,337	295,027
Miscellaneous	145	320
	<u>476,771</u>	<u>658,227</u>
Operating Income/(Loss)	<u>94,815</u>	<u>(148,041)</u>
Non-Operating Cash Receipts:		
Earnings on Investments	650	903
Proceeds from Sale of Public Debt: Sale of Notes	99,337	291,752
	<u>99,987</u>	<u>292,655</u>
Total Non-Operating Cash Receipts	<u>99,987</u>	<u>292,655</u>
Non-Operating Cash Disbursements:		
Debt Service - Principal Retirement	67,815	69,586
Debt Service - Interest and Fiscal Charges	122,290	123,716
	<u>190,105</u>	<u>193,302</u>
Total Non-Operating Cash Disbursements	<u>190,105</u>	<u>193,302</u>
Net Receipts Over/(Under) Disbursements	<u>4,697</u>	<u>(48,688)</u>
Cash Balances, January 1	<u>319,532</u>	<u>368,220</u>
Cash Balances, December 31	<u>\$324,229</u>	<u>\$319,532</u>

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

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**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012 AND 2011**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Trimble Township Waste Water Treatment District, Athens County, Ohio (the District), is a regional sewer district organized under Ohio Revised Code Chapter 6119, by the Athens County Common Pleas Court on October 3, 1986. 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. The membership elects a President, Vice-President and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the District.

The District was established to provide a modern, efficient, and effective wastewater treatment system to promote the general health and safety of the citizens of the District and to make economic development in the area more feasible. The District services all or parts of the following political subdivisions:

- Village of Trimble
- Village of Jacksonville
- Village of Glouster
- Trimble Township

The Village participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statement provides additional information for this entity.

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

B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The District'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.

D. Fund Accounting

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

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The District had the following significant Enterprise Funds:

Sewer Revenue Fund - This fund receives charges for services from residents to cover sewer service costs.

Loan Fund - This fund receives charges for services for the payment of principal and interest on the District's debt.

E. Budgetary Process

The Ohio Revised Code requires the Village to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District 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 2012 and 2011 budgetary activity appears in Note 4.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012 AND 2011
(Continued)**

2. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	\$310,716	\$306,109
Certificates of deposit	13,513	13,423
Total deposits	324,229	319,532

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$517,088	\$671,573	\$154,485

2012 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Actual Expenditures	Variance
\$517,088	\$666,876	(\$149,788)

2011 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$517,088	\$802,841	\$285,753

2011 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Actual Expenditures	Variance
\$517,088	\$851,529	(\$334,441)

4. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Series 1993 Revenue Bonds - USDA	\$1,884,000	5.00%
Series 1995 Revenue Bonds - USDA	307,000	4.50%
Series 1998 Revenue Bonds - USDA	165,000	4.50%
Ohio Water Development Authority Loan	385,797	1.50%
Total	\$2,741,797	

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012 AND 2011
(Continued)**

4. Debt (Continued)

The outstanding bonds were issued for 40 years. Principal and interest payments are due each year on September 1 for the Series 1993 and Series 1995 bonds. Principal and interest payments are due each year on December 1 for the Series 1998 bonds. Proceeds from the bonds were used for sewer construction. Property and revenue of the District have been pledged to repay the debt.

The mortgage revenue bond covenant requires the District to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2012 is \$168,736.

The District obtained a loan from the Ohio Water Development Authority in 2011 for a maximum of \$514,011 for the treatment plant upgrade project. The District drew \$391,089 of this loan during 2012 and 2011 and paid a principal payment of \$6,815 in 2012. The terms of the loan are semiannual payments for 30 years at a 1.5% rate.

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

Year ending December 31:	Series 1993 Revenue Bonds	Series 1995 Revenue Bonds	Series 1998 Revenue Bonds	OWDA Loan #5788	Total
2013	\$147,200	\$21,815	\$10,425	\$21,340	\$200,780
2014	146,550	21,455	11,290	21,340	200,635
2015	146,800	22,095	11,110	21,340	201,345
2016	145,695	21,690	10,679	21,340	199,404
2017	145,968	21,285	10,679	21,340	199,272
2018-2022	728,475	108,765	53,390	106,700	997,330
2023-2027	728,475	108,535	53,390	106,700	997,100
2028-2032	728,475	108,020	53,390	106,700	996,585
2033-2037	145,695	65,490	53,390	75,303	339,878
2038-2042			19,382		19,382
Total	<u>\$3,063,333</u>	<u>\$499,150</u>	<u>\$287,125</u>	<u>\$502,103</u>	<u>\$4,351,711</u>

5. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2012.

6. Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Risk Management (Continued)

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the District's share of these unpaid claims collectible in future years is approximately \$10,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$11,980	\$11,726

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Dave Yost • Auditor of State

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

Trimble Township Waste Water Treatment District
Athens County
18551 Jacksonville Road
P.O. Box 278
Jacksonville, Ohio 45740

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Trimble Township Waste Water Treatment District, Athens County, Ohio (the District), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statement, and have issued our report thereon dated October 11, 2013, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America..

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2012-002 through 2012-004 described in the accompanying Schedule of Findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2012-001 and 2012-002.

Entity's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 11, 2013

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The AOS may waive these penalties, upon the filing of the past due financial report. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The District did not file its 2011 annual report and the 2012 annual report was not filed until June 25, 2013. In addition, the District did not publish notice of availability for 2011 or 2012. Failure to file the annual financial report within 60 days of the fiscal year-end can result in fines and penalties.

We recommend the District file its annual financial reports with the Auditor of State within 60 days of the fiscal year end.

Official's Response: We will file the annual reports in the future.

FINDING NUMBER 2012-002

Noncompliance and Material Weakness

Ohio Admin. Code Section 117-2-02 requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

All local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- (1) Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction;
- (2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payer, purpose, receipt number, and other information required for the transactions can be recorded on this ledger; and,
- (3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-002 (Continued)

Noncompliance and Material Weakness - Ohio Admin. Code Section 117-2-02 (Continued)

Using these accounting records will provide the District with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

During the audit period, the District did not maintain or prepare receipts ledgers or appropriation ledgers. As a result, the District was unable to prepare an accurate and complete set of financial statements for the audit period.

Failure to maintain adequate accounting records restricts the District's ability to monitor its financial activity and status, eliminating key management tools for making sound financial decisions.

We recommend the District utilize an accounting system in accordance with Ohio Admin. Code Section 117-2-02.

Official's Response: The District began using accounting software in 2013 to comply with this.

FINDING NUMBER 2012-003

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the District staff did not allow for an adequate segregation of duties; the District Secretary/Treasurer was responsible for all accounting functions. Therefore, it is important the District's Board of Trustees function as a finance committee to monitor financial activity closely. Actual revenues and expenses should be compared to budgeted amounts each month, and reported to and reviewed by the Board. The Board should determine the reason actual expenditures varied from budgeted expenditures by making inquiries to management. Additionally, the Board should compare their actual cash balance to budgeted cash balance at the end of each month. When the actual cash balance is below the budgeted cash balance, the Board should look for ways to increase revenues and/or decrease expenditures budgeted in the upcoming months so as to achieve the budgeted cash balance.

There was no documentation supporting the extent to which the Board used financial information to monitor the financial activity of the District. The lack of financial information provided for the Board's monthly review hampers the Board's ability to effectively monitor the financial activity and position of the District.

The lack of controls over financial reporting adversely affected the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-003 (Continued)

Material Weakness – Monitoring (Continued)

We recommend financial information be presented to the Board on a regular basis. This information should include reconciliations, as well as revenue and expenditure activity and budget versus actual reports. A periodic review should also be performed on the District's cash book to gain assurances that the records are posted up to date, in agreement with the presented reports and reflect authorized transactions. These reviews should be documented in the minutes of the Board meetings.

The Board should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the District. This information can help answer questions such as the following:

Inquiries Relevant to Overall District Operations:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?
- Is the District maximizing its return on invested cash balances?
- Is the District able to achieve the financial goals as set by the original or amended budgets?

In order to effectively monitor the financial activity of the District, we recommend the Board of Trustees review and accept/approve the monthly financial information provided by the Secretary/Treasurer. We recommend that the Secretary/Treasurer provide a detailed budget and financial statements, cash balances, and checks paid, and completed bank reconciliations for each regular Board meeting. The review of this information should be noted in the minutes of the meetings of the Board.

Official's Response: The Secretary/Treasurer now submits MTD Fund Report, Monthly Financial Statement, Monthly Revenue Statement, MTD Check Register Report and monthly bank reconciliation and has the Board sign as evidence of review, at auditor's suggestion.

FINDING NUMBER 2012-004

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statement is complete and accurate.

During 2011 and 2012, the District used a manual accounting system that included various spreadsheets. The Secretary/Treasurer was the sole person responsible for preparing these records and there was no evidence of supervisory review. There were material mispostings in the accounting records that required corrections. These errors occurred during the transferring of amounts from the cash journal to financial statement format and remained undetected due to the lack of a formal reconciliation process between the cashbook and financial statement format. The accompanying financial statement reflects all adjustments listed below.

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-004 (Continued)

Material Weakness – Mispostings (Continued)

The following adjustments were made to the financial statement for the year ended December 31, 2012 to reconcile cash and properly reflect all activity of the District:

- We increased Charges for Services by \$103,673.
- We increased Earnings on Investments by \$159.
- We decreased Miscellaneous Receipts by \$108,516.
- We increased Personal Services by \$10,925, Utilities by \$258, Purchased and Contracted Services by \$7,991, Supplies and Materials by \$399, Transportation by \$3 and decreased Other Disbursements by \$3,482.
- We increased Debt Proceeds and Capital Outlay by \$99,337.
- We increased Principal Retirement by \$4,560 and decreased Interest and Fiscal Charges by \$7,560.

The following adjustments were made to the financial statement for the year ended December 31, 2011 to reconcile cash and properly reflect all activity of the District:

- We increased Charges for Services by \$86,326.
- We increased Earnings on Investments by \$332.
- We decreased Miscellaneous Receipts by \$145,591.
- We increased Personal Services by \$7,633, Utilities by \$310, Supplies and Materials by \$46, Transportation by \$45, Other Disbursements by \$118, and decreased Purchased and Contracted Services by \$42,413.
- We increased Debt Proceeds by \$291,752 and Capital Outlay by \$295,027.
- We decreased Principal Retirement by \$14,586 and Interest and Fiscal Charges by \$9,482.

These misstatements had the net effect of decreasing the District's fund balance as of December 31, 2012 by \$75,793.

To ensure the District's financial statement is complete and accurate, we recommend the Secretary/Treasurer reconciles the activity and the fund balances on the cashbook to the balance on the financial statement.

Official's Response: The District began using accounting software in 2013 to correct this issue.

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Noncompliance and Material Weakness relating to Ohio Rev. Code Section 149.351(A) for failing to maintain adequate support for expenditures.	Yes	N/A
2010-002	Noncompliance citation relating to Ohio Admin. Code Section 117-2-02(D) and (F) for failing to prepare a capital asset listing and update the policy for annual updates.	Yes	N/A
2010-003	Material Weakness for approving the payment of credit card bills without having the underlying receipts to support the charges.	Yes	N/A
2010-004	Significant Deficiency for errors in financial reporting and posting to the accounting system.	No	Repeated as Finding 2012-004

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Dave Yost • Auditor of State

TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT

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 7, 2013**