

VILLAGE OF TIMBERLAKE

LAKE COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2022 and 2021





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Columbus, Ohio 43215
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Village Council
Village of Timberlake
11 East Shore Boulevard
Timberlake, OH 44095

We have reviewed the *Independent Auditor's Report* of the Village of Timberlake, Lake County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Timberlake is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

May 30, 2023

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**VILLAGE OF TIMBERLAKE
LAKE COUNTY
Regular Audit
For the Years Ended December 31, 2022 and 2021**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Timberlake, Lake County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2022 and 2021, or the changes in financial position, thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13 and Note 12 to the financial statements in 2021 and 2022, respectively, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we


- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2023 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
April 20, 2023

**VILLAGE OF TIMBERLAKE
LAKE COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 237,527	\$ 11,007	\$ -	\$ -	\$ 248,534
Municipal Income Tax	332,085	-	-	-	332,085
Intergovernmental	90,563	79,633	-	-	170,196
Special Assessments	-	11,531	14,173	-	25,704
Fines, Licenses and Permits	18,933	-	-	-	18,933
Earnings on Investments	7,899	2,389	-	-	10,288
Miscellaneous	11,958	-	-	-	11,958
<i>Total Cash Receipts</i>	<u>698,965</u>	<u>104,560</u>	<u>14,173</u>	<u>-</u>	<u>817,698</u>
Cash Disbursements					
Current:					
Security of Persons & Property	346,126	-	-	-	346,126
Public Health Services	6,472	-	-	-	6,472
Leisure Time Activities	10,192	-	-	-	10,192
Community Environment	10,442	-	-	-	10,442
Basic Utility Services	-	790	-	-	790
Transportation	23,778	937	-	-	24,715
General Government	130,945	49,458	-	-	180,403
Capital Outlay	-	9,000	-	-	9,000
Debt Service:					
Principal Retirement	-	-	49,992	-	49,992
Interest & Fiscal Charges	-	-	9,750	-	9,750
<i>Total Cash Disbursements</i>	<u>527,955</u>	<u>60,185</u>	<u>59,742</u>	<u>-</u>	<u>647,882</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	171,010	44,375	(45,569)	-	169,816
Other Financing Receipts (Disbursements)					
Transfers In	-	-	59,760	60,000	119,760
Transfers Out	(119,760)	-	-	-	(119,760)
<i>Total Other Financing Receipts (Disbursements)</i>	(119,760)	-	59,760	60,000	-
Special Item	-	16,964	-	-	16,964
<i>Net Change in Fund Cash Balances</i>	51,250	61,339	14,191	60,000	186,780
<i>Fund Cash Balances, January 1</i>	240,793	188,001	35,089	-	463,883
<i>Fund Cash Balances, December 31</i>	<u>\$ 292,043</u>	<u>\$ 249,340</u>	<u>\$ 49,280</u>	<u>\$ 60,000</u>	<u>\$ 650,663</u>

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

VILLAGE OF TIMBERLAKE
LAKE COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Other Custodial
Additions	
Charges For Services	\$ 5,650
<i>Total Additions</i>	5,650
Deductions	
Distributions of Deposits	5,992
<i>Total Deductions</i>	5,992
<i>Net Change in Fund Cash Balance</i>	(342)
<i>Fund Cash Balances, January 1</i>	1,773
<i>Fund Cash Balances, December 31</i>	\$ 1,431

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

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Timberlake (the Village), Lake County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general 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 Pools and Related Organizations

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 statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type, 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 Fund:

American Relief Plan (ARP) Fund- This fund receives money from the federal government allocated to non-entitlement entities provided by the Coronavirus Local Fiscal Recovery Fund.

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.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Police Cruiser Fund - This fund has been established to provide funding for a new Village Police Cruiser in the next several years. Funds will originate from the General Fund.

Service Truck Capital Fund - This fund has been established to provide funding for a new Village Service Truck in the next couple years. Funds will originate from the General Fund.

Village Hall Capital Fund - This fund has been established to provided funding for needed improvements, and repairs to our Village Hall. Repairs, and improvements will likely occur in 2023. Funds will originate from the General Fund.

Fiduciary Funds Fiduciary funds include custodial funds. 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.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. 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 (C) 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 and object level of control, and appropriations may not exceed estimated resources. 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, 2022

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 carried over, and need not be reappropriated.

A summary of 2022 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.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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, 2022

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*. 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 11.

Special Item

Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$627,457	\$698,965	\$71,508
Special Revenue	78,739	121,524	42,785
Debt Service	77,162	73,933	(3,229)
Capital Projects	60,000	60,000	0

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$761,708	\$653,456	\$108,252
Special Revenue	88,949	60,185	28,764
Debt Service	59,759	59,742	17
Capital Projects	0	0	0

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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:

	2022
Demand deposits	<u>\$100,785</u>
Total deposits	100,785
STAR Ohio	<u>551,309</u>
Total investments	<u>551,309</u>
Total deposits and investments	<u><u>\$652,094</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or 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, 2022

Note 5 – Taxes (Continued)

Income Taxes

The Village levies a municipal income tax of 2.0 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 Regional Income Tax Agency (RITA) monthly as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The taxes are collected by RITA and remitted to the Village twice monthly (advance and reconciliation).

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 also participates 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 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (latest information available).

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management (Continued)

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</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, 2022.

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, 2022.

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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$144,000	3.95%
Ohio Water Development Authority Loan	101,164	2.75%
Ohio Public Work Commission	38,221	0.00%
Total	\$283,385	

Sanitary Sewer Rehabilitation Project

On October 29, 2009, the Village started a sanitary sewer rehabilitation project. The American Recovery and Reinvestment Act of 2009 (ARRA) award amount was \$458,311 (this amount was forgiven); The remaining was funded via a WPCLF Capitalization Grant Fund installment loan obtained on January 1, 2011 totaling \$216,930 for twenty years at 2.75% interest from OWDA. The Village increased sewer usage fees will be used to pay debt service; the Village has also paid for part of this loan in recent years via transfers from the General Fund.

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 original 1-Year Note matured on January 24, 2017 and included a \$3,150 interest payment. The Village also made a \$100,000 principal payment upon the maturity of the 1-Year note and refinanced the remaining debt into a \$350,000 10-Year General Obligation Bond with a 3.95% interest.

Amortization

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

Year Ending	General				
December 31:	OWDA Loan	Obligation Bonds	OPWC	Total	
2023	\$ 14,174	\$ 41,333	\$ 2,831	\$ 58,338	
2024	14,174	39,911	2,831	56,916	
2025	14,174	38,489	2,831	55,493	
2026	14,174	37,067	2,831	54,072	
2027	14,174	-	2,831	17,005	
2028-2032	42,522	-	14,155	56,677	
2033-2037	-	-	9,910	9,910	
Total	\$ 113,391	\$ 156,799	\$ 38,221	\$ 298,500	

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 2022. Contact NOPEC at 31320 Solon Road, Suite 20, Solon, OH 44139 for more information.

Note 11 – Fund Balances

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 balance of this amount was as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>\$ 5,741</u>
<i>Total</i>	<u><u>\$ 5,741</u></u>

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

Note 12 – 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. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**VILLAGE OF TIMBERLAKE
LAKE COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts				
Property and Other Local Taxes	\$ 222,923	\$ 9,655	\$ -	\$ 232,578
Municipal Income Tax	187,079	-	-	187,079
Intergovernmental	88,063	76,960	-	165,023
Special Assessments	-	12,894	12,893	25,787
Fines, Licenses and Permits	19,089	-	-	19,089
Earnings on Investments	228	84	-	312
Miscellaneous	26,764	-	-	26,764
<i>Total Cash Receipts</i>	<u>544,146</u>	<u>99,593</u>	<u>12,893</u>	<u>656,632</u>
Cash Disbursements				
Current:				
Security of Persons & Property	244,398	27,318	-	271,716
Public Health Services	7,286	-	-	7,286
Leisure Time Activities	1,673	-	-	1,673
Community Environment	23,066	-	-	23,066
Basic Utility Services	-	115	-	115
Transportation	19,653	2,010	-	21,663
General Government	109,391	4,965	-	114,356
Debt Service:				
Principal Retirement	-	-	55,420	55,420
Interest & Fiscal Charges	-	-	11,980	11,980
<i>Total Cash Disbursements</i>	<u>405,467</u>	<u>34,408</u>	<u>67,400</u>	<u>507,275</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	138,679	65,185	(54,507)	149,357
Other Financing Receipts (Disbursements)				
Transfers In	-	-	69,024	69,024
Transfers Out	(69,024)	-	-	(69,024)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(69,024)</u>	<u>-</u>	<u>69,024</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	69,655	65,185	14,517	149,357
<i>Fund Cash Balances, January 1</i>	<u>171,138</u>	<u>122,816</u>	<u>20,572</u>	<u>314,526</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 240,793</u>	<u>\$ 188,001</u>	<u>\$ 35,089</u>	<u>\$ 463,883</u>

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

VILLAGE OF TIMBERLAKE
LAKE COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Other Custodial
Additions	
Charges For Services	\$ 6,085
Other Amounts Collected for Distribution	13,503
<i>Total Additions</i>	19,588
Deductions	
Distributions of Deposits	5,360
Other	13,503
<i>Total Deductions</i>	18,863
<i>Net Change in Fund Cash Balance</i>	725
<i>Fund Cash Balances, January 1</i>	1,048
<i>Fund Cash Balances, December 31</i>	\$ 1,773

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

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Timberlake (the Village), Lake County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general 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 Pools and Related Organizations

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 statement of additions, deletions and changes in fund balances (regulatory cash basis) for the fiduciary fund type, 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 Fund:

Coronavirus Relief Fund – This fund receives money from the federal government and is spent to expense related to COVID19 pandemic.

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.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Fiduciary Funds Fiduciary funds include custodial funds. 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 account for security deposits for the rental of Village hall and a fire insurance demo fund.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. 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 (C) 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 and object level of control, and appropriations may not exceed estimated resources. 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 carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$494,000	\$544,146	\$50,146
Special Revenue	43,920	99,593	55,673
Debt Service	69,839	81,917	12,078

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$549,652	\$474,491	\$75,161
Special Revenue	38,758	34,408	4,350
Debt Service	70,001	67,400	2,601

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:

	2021
Demand deposits	\$8,735
Total deposits	8,735
STAR Ohio	456,921
Total investments	456,921
Total deposits and investments	\$465,656

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (Continued)

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or 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.

Income Taxes

The Village levies a municipal income tax of 2.0 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 Regional Income Tax Agency (RITA) monthly as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The taxes are collected by RITA and remitted to the Village twice monthly (advance and reconciliation).

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 also participates 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 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</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.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans (Continued)

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, 2021.

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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$180,000	4%
Ohio Water Development Authority Loan	112,326	2.75%
Ohio Public Work Commission	41,051	0%
Total	\$333,377	

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 of ODWA for twenty years at 2.7% with payments made semi-annually. The Village 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, 2021

Note 9 – 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 original 1-Year Note matured on January 24, 2017 and included a \$3,150 interest payment. The Village also made a \$100,000 principal payment upon the maturity of the 1-Year note and refinanced the remaining debt into a \$350,000 10-Year General Obligation Bond with a 3.95% interest.

Amortization

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

Year Ending December 31:	OWDA Loan	General Obligation Bonds	OPWC	Total
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	38,489	2,831	55,493
2026	14,174	37,067	2,831	54,072
2027-2031	56,696	-	14,155	70,851
2032-2037	-	-	12,740	12,740
Total	<u>\$127,566</u>	<u>\$199,553</u>	<u>\$41,051</u>	<u>\$368,169</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 2021. Contact NOPEC at 31320 Solon Road, Suite 20, Solon, OH 44139 for more information.

Village of Timberlake, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Note 12 – Fund Balances

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, there were no encumbrances.

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

Note 13– 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Timberlake, Lake County, (the Village) and have issued our report thereon dated April 20, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

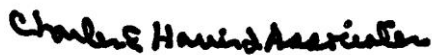
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted a certain other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 20, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
April 20, 2023

**VILLAGE OF TIMBERLAKE
LAKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended December 31, 2022 and 2021
Prepared by Management**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Appropriation Measure – Material Noncompliance	Corrected	
2020-002	No Amended Official Certificate – Material Noncompliance	Corrected	
2020-003	Public Records Policy – Material Noncompliance	Corrected	
2020-004	Building and Zoning Permits and Fees – Internal Control Deficiency and Material Noncompliance	Corrected	
2020-005	Availability of Public Records – Material Noncompliance	Corrected	
2020-006	Financial Statement Adjustments – Internal Control Deficiency	Partially Corrected	Moved to ML
2020-007	Publics Records Training – Material Noncompliance	Corrected	
2020-008	HB 481 and 614 Coronavirus Relief Funds – Material Noncompliance	Corrected	
2020-009	Public Official Bond – Material Noncompliance	Corrected	
2020-010	Budgetary Accounting – Internal Control Deficiency	Corrected	
2020-011	Building Inspector Pay – Material Noncompliance/Internal Control Deficiency	Corrected	

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 6/13/2023

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