

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2014 & 2013





Dave Yost • Auditor of State

Board of Trustees
Trimble Township Waste Water Treatment District
18551 Jacksonville Road
Jacksonville, Ohio 45740

We have reviewed the Report of Independent Accountants of the Trimble Township Waste Water Treatment District, Athens County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2013 through December 31, 2014. 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 Trimble Township Waste Water Treatment District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 22, 2015

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TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY
AUDIT REPORT
For Years Ending December 31, 2014 and 2013

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REPORT OF INDEPENDENT ACCOUNTANTS

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 statements and related notes of the Trimble Township Waste Water Treatment District, Athens County, (the District) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 opinions.

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2014 and 2013, or changes in financial position or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Trimble Township Waste Water Treatment District, Athens County, as of December 31, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) 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 July 26, 2015, 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.



Charles E. Harris & Associates, Inc.
July 26, 2015

**TRIMBLE TOWNSHIP WASTEWATER TREATMENT DISTRICT
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Operating Cash Receipts:		
Charges for Services	\$ 566,051	\$ 544,372
Miscellaneous	24,982	37,351
	591,033	581,723
Operating Cash Disbursements:		
Personal Services	211,633	207,432
Utilities	66,068	63,457
Transportation	8,428	5,384
Purchased and Other Contractual Services	39,197	54,894
Supplies and Materials	25,265	40,147
Miscellaneous	747	956
	351,338	372,270
Operating Income/(Loss)	239,695	209,453
Non-Operating Cash Receipts:		
Interest	560	510
Intergovernmental	-	10,408
	560	10,918
Non-Operating Cash Disbursements:		
Capital Outlay	7,295	20,822
Debt Service:		
Principal Retirement	80,462	75,547
Interest	115,133	128,518
	202,890	224,887
Net Receipts Over/(Under) Disbursements	37,365	(4,516)
Cash Balance, January 1	319,713	324,229
Cash Balance, December 31	\$ 357,078	\$ 319,713

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 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 District participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statement provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

D. Budgetary Process

The Ohio Revised Code requires the Board to budget 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. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any). 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

F. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The District may invest in certificates of deposits, notes, bonds, or other obligations of the United States, or any agency or instrumentality thereof, or in obligations of the State or any political subdivision thereof.

The carrying amount of deposits and investments at December 31 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	\$343,506	\$306,200
Certificates of deposit	13,572	13,513
Total deposits and investments	<u>\$357,078</u>	<u>\$319,713</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS – (CONTINUED)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution with securities not in the District's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$716,425	\$591,593	(\$124,832)

2014 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$713,400	\$554,228	\$159,172

2013 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$530,710	\$592,641	\$61,931

2013 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$530,710	\$597,157	(\$66,447)

Contrary to Ohio law, budgetary expenditures exceeded appropriations by \$66,447 for the year ended December 31, 2013.

4. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Series 1993 Revenue Bonds - USDA	\$1,776,000	5.00%
Series 1995 Revenue Bonds - USDA	291,000	4.50%
Series 1998 Revenue Bonds - USDA	158,000	4.50%
Ohio Water Development Authority Loan	360,788	1.50%
Total	\$2,585,788	

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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, 2014 is \$168,845.

The District obtained a loan from the Ohio Water Development Authority in 2011. The District ultimately borrowed \$392,612 for the treatment plant upgrade project. The District made principal payments of \$10,767 in 2014 and \$11,546 in 2013. 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:	USDA Series 1993 Revenue Bonds	USDA Series 1995 Revenue Bonds	USDA Series 1998 Revenue Bonds	OWDA Loan#5788
2015	\$146,800	\$22,095	\$11,110	\$21,340
2016	145,695	21,690	10,679	21,340
2017	146,595	21,285	10,679	21,340
2018	146,595	21,753	10,679	21,340
2019	146,595	21,753	10,679	21,340
2020-2024	728,475	108,765	53,390	106,700
2025-2029	728,475	108,535	53,390	106,700
2030-2034	581,880	108,020	53,390	106,700
2035-2039		21,984	51,414	32,623
Total	<u>\$2,771,110</u>	<u>\$455,880</u>	<u>\$265,410</u>	<u>\$459,423</u>

5. RETIREMENT SYSTEMS

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. RISK MANAGEMENT

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' 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 statements of the Trimble Township Waste Water Treatment District, Athens County, (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 26, 2015, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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. 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 to be 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 statements. 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 finding 2014-002 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

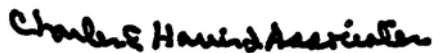
As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2014-001.

Entity's Responses 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.



Charles E. Harris & Associates, Inc.
July 26, 2015

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2014-001
Noncompliance Citation**

Ohio Rev. Code § 5705.28(B)(2) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

We noted the following fund had disbursements plus encumbrances that exceeded appropriations at December 31, 2013:

Fund	Approved Appropriations	Budgetary Disbursements	Variance
Water and Sewer Fund	\$530,710	\$597,157	\$ (66,447)

The Fiscal Officer should deny payment requests exceeding appropriations, as required by **Ohio Rev. Code Section 5705.28(B)(2)**. We recommend the Board and Fiscal Officer should compare expenditures to appropriations on a regular basis. If appropriations in addition to those already adopted will be needed, then the Board should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations.

Management's Response:

We have reviewed budgetary requirements and implemented the necessary changes during 2014.

**FINDING NUMBER 2014-002
Material Weakness**

During 2014 the District did not completely update the Expense Status nor the Budget History reports. The Expense Status report is used to account for expenses by account number (expense ledger). The Budget History report compares actual expenses by account to the Board's approved budget by account. By not properly updating these reports the Board cannot effectively monitor the Districts results nor comparatively measure actual results against the budget.

We recommend that the Expense Status and the Budget History reports be updated timely and presented to the Board for review and approval.

Management's Response:

We are updating both reports monthly and the Board is reviewing and approving.

TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-001	District did not file required financial statements for 2011 and filed 2012 late.	Yes	Reports filed
2012-002	District did not have an adequate accounting system.	Yes	District implemented new accounting software in 2013.
2012-003	District did not utilize compensating controls to offset its lack of segregation of duties.	Yes	Board approves bills monthly, Secretary/Treasurer reconciles bank accounts and Board approves monthly, Board receives and approves monthly financial activity.
2012-004	District had many mispostings.	Partially	Reissued as finding #2014-002. District implemented a new and adequate accounting system. However District failed to completely utilize during 2014.

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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 10, 2015**