



**VILLAGE OF TREMONT CITY  
CLARK COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2019 - 2018**

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KEITH FABER



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Village Council  
Village of Tremont City  
26 East Main Street  
P.O. Box 93  
Tremont City, Ohio 45372

We have reviewed the *Independent Auditor's Report* of the Village of Tremont City, Clark County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

**Finding For Recovery Repaid and Resolved Under Audit- Late Fees and Interest/Penalties**

***State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)***, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

Due to insufficient policies and procedures, during fiscal years 2019 and 2018, the Village incurred credit card late fees and interest in the amount of \$484.13 and OPERS remittance penalties in the amount of \$178.41. Former Village Fiscal Officer, Jayne Athey, received or collected the public money used to make the improper payments for \$11.55 of the items noted. Village Fiscal Officer, Megan Mulkey, received or collected the public money used to make the improper payments for \$650.99 of the above items noted. These incurred costs were unnecessary expenditures that did not serve a proper public purpose and could have been avoided had the funds been remitted by the required due dates.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jayne Athey and her bonding company, Ohio Casualty Insurance Company, jointly and severally, in the amount of \$11 and Megan Mulkey and her bonding company, Ohio Casualty Insurance Company, jointly and severally, in the amount of \$650, and in favor of the Village of Tremont City, General Fund for \$623 and Veterans Memorial Park Fund for \$38.

Jayne Athey paid the Village \$11 which was deposited by the Village on January 27, 2023, to refund the entire overpayment. As a result, the finding for recovery amount against Ms. Athey and her bonding company has been repaid in full and is considered repaid under audit.

On December 12, 2022, an agreement was entered into between the Village of Tremont City and Megan Mulkey for repayment of the amount owed by her and her bonding company. Per the reached agreement, there will be payments of \$150 to be paid by personal check each month until the total finding amounts against her and her bonding company are repaid in full. Of note, Ms. Mulkey has already made a payment pursuant to this plan in January 2023. As a result of this agreed-upon plan covering the total amount owed, the finding for recovery against Ms. Mulkey and her bonding company has been resolved under audit.

### **Finding For Recovery Resolved Under Audit- Purchase of Alcoholic Beverages**

***State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)***, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

In August 2019, the Village purchased alcohol for a prize/auction item for the car show in the amount of \$121.31. Village Fiscal Officer, Megan Mulkey, received or collected the public money used to make the improper payments for \$121.31 of the above items noted. The expenditure of public funds for alcoholic beverages did not serve a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Megan Mulkey and her bonding company, Ohio Casualty Insurance Company, jointly and severally, in the amount of \$121, and in favor of the Village of Tremont City, General Fund.

On December 12, 2022, an agreement was entered into between the Village of Tremont City and Megan Mulkey for repayment of the amount owed by her and her bonding company. Per the reached agreement, there will be payments of \$150 to be paid by personal check each month until the total finding amounts against her and her bonding company are repaid in full. Of note, Ms. Mulkey has already made a payment pursuant to this plan in January 2023. As a result of this agreed-upon plan covering the total amount owed, the finding for recovery against Ms. Mulkey and her bonding company has been resolved under audit.

Village Council  
Village of Tremont City  
26 East Main Street P.O. Box 93  
Tremont City, Ohio 45372  
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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 Tremont City is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

**April 13, 2023**

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VILLAGE OF TREMONT CITY  
CLARK COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Village of Tremont City  
Clark County  
26 East Main Street  
Tremont City, Ohio 45372

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Village of Tremont City**, Clark County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

***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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; 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 Village'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 Village's internal control. Accordingly, we express no such 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 2 of the financial statements, the Village 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(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (Continued)***

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 Village 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(C) 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 Village as of December 31, 2019 and 2018, and the respective changes in financial position thereof 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, receipts and disbursements by fund type, and related notes of the Village of Tremont City, Clark County as of December 31, 2019 and 2018, and 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(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 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. 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 Village's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

January 20, 2023

**VILLAGE OF TREMONT CITY  
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|   | General    | Special<br>Revenue | Totals<br>(Memorandum<br>Only) |
|---|------------|--------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |            |                    |                                |
| Property and Other Local Taxes                        | \$ 8,820   | \$ -               | \$ 8,820                       |
| Municipal Income Tax                                  | 54,842     | -                  | 54,842                         |
| Intergovernmental                                     | 7,367      | 21,713             | 29,080                         |
| Fines, Licenses and Permits                           | 104,876    | -                  | 104,876                        |
| Miscellaneous   | 8,862      | 2,625              | 11,487                         |
| <i>Total Cash Receipts</i>                            | 184,767    | 24,338             | 209,105                        |
| <b>Cash Disbursements</b>                             |            |                    |                                |
| Current:  |            |                    |                                |
| Security of Persons and Property                      | 89,040     | -                  | 89,040                         |
| Leisure Time Activities                               | -          | 4,851              | 4,851                          |
| Transportation  | -          | 20,572             | 20,572                         |
| General Government                                    | 63,111     | -                  | 63,111                         |
| Capital Outlay  | 25,377     | -                  | 25,377                         |
| Debt Service:   |            |                    |                                |
| Principal Retirement                                  | 13,943     | -                  | 13,943                         |
| Interest and Fiscal Charges                           | 2,653      | -                  | 2,653                          |
| <i>Total Cash Disbursements</i>                       | 194,124    | 25,423             | 219,547                        |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | (9,357)    | (1,085)            | (10,442)                       |
| <b>Other Financing Receipts (Disbursements)</b>       |            |                    |                                |
| Other Debt Proceeds                                   | 25,377     | -                  | 25,377                         |
| Advances In   | -          | 30,350             | 30,350                         |
| Advances Out  | (30,350)   | -                  | (30,350)                       |
| <i>Total Other Financing Receipts (Disbursements)</i> | (4,973)    | 30,350             | 25,377                         |
| <i>Net Change in Fund Cash Balances</i>               | (14,330)   | 29,265             | 14,935                         |
| <i>Fund Cash Balances, January 1</i>                  | 122,403    | 40,473             | 162,876                        |
| <b>Fund Cash Balances, December 31</b>                |            |                    |                                |
| Restricted  | -          | 69,738             | 69,738                         |
| Assigned  | 29,603     | -                  | 29,603                         |
| Unassigned  | 78,470     | -                  | 78,470                         |
| <i>Fund Cash Balances, December 31</i>                | \$ 108,073 | \$ 69,738          | \$ 177,811                     |

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

**VILLAGE OF TREMONT CITY  
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|   | <u>Fiduciary Fund Type</u> |
|---|----------------------------|
|   | <u>Agency</u>              |
| <b>Operating Cash Receipts</b>            |                            |
| Fines, Licenses and Permits               | \$ 133,634                 |
| <i>Total Operating Cash Receipts</i>      | 133,634                    |
| <b>Operating Cash Disbursements</b>       |                            |
| Other                                     | 134,707                    |
| <i>Total Operating Cash Disbursements</i> | 134,707                    |
| <i>Net Change in Fund Cash Balances</i>   | (1,073)                    |
| <i>Fund Cash Balances, January 1</i>      | 7,317                      |
| <i>Fund Cash Balances, December 31</i>    | \$ 6,244                   |

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

**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Tremont City, Clark County, (the Village) as a body corporate and politic. A publicly elected, six-member Council directs the Village. The Village provides road maintenance and police services. The Village contracts with German Township to receive fire protection services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pools:

The Village 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. The Village also belongs to the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. GRP provides worker's compensation for its members

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

Street Construction, Maintenance and Repair Fund – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Veteran's Memorial Park – This fund receives donations and contributions for constructing and maintaining a memorial park.

**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

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

Agency 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 agency fund accounts for Mayor's Court Activity.

***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. 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 (C) permit.

***Budgetary Process***

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

***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 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 2019 budgetary activity appears in Note 4.

***Deposits and Investments***

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

The Village invests all available funds in checking accounts.

***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.

**Village of Tremont City**  
Clark County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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

**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.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and Veterans Memorial Park Funds by \$32,119 and \$187, respectively, for the year ended December 31, 2019.

**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

| 2019 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$ 145,322           | \$ 210,144         | \$ 64,822 |
| Special Revenue                   | 17,470               | 24,338             | 6,868     |
| Total                             | \$ 162,792           | \$ 234,482         | \$ 71,690 |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$ 191,608                 | \$ 223,727                | \$ (32,119) |
| Special Revenue                                       | 26,541                     | 25,428                    | 1,113       |
| Total   | \$ 218,149                 | \$ 249,155                | \$ (31,006) |

**Note 5 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2019 was as follows:

|                 |            |
|-----------------|------------|
| Demand deposits | \$ 184,055 |
| Total deposits  | \$ 184,055 |

Deposits are insured by the Federal Depository Insurance Corporation.

**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

***Income Tax***

The Village levies a municipal income tax of 1 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.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The income tax is collected by the Regional Income Tax Agency (RITA) and is remitted to the Village. Income tax receipts are credited to the Village's General Fund.



**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 7 – Risk Management**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

|                       | <u>2019</u>  |
|-----------------------|--------------|
| Cash and investments  | \$38,432,610 |
| Actuarial liabilities | \$14,705,917 |

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Village 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. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Social Security***

The Mayor and Council Members contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**Note 9 - Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019.

**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 10 - Debt**

Debt outstanding at December 31, 2019 was as follows:

|                       | Principal | Interest Rate |
|-----------------------|-----------|---------------|
| Plow Truck            | \$ 31,785 | 4.80%         |
| Police Cruiser - 2019 | 25,377    | 3.84%         |
| Total                 | \$ 57,162 |               |

In February 2018, the Village entered into a lease agreement for a 2017 Ford F250 Plow Truck at a total cost of \$36,265 with annual payments of \$6,223, beginning February 2019. At the completion of the lease in February 2025, the Village has the option to buy the plow truck at the price of \$1.

In June 2019, the village entered into a lease agreement for a 2019 Dodge Charger at a total cost of \$25,377 with annual payments of \$5,674, beginning December 2019. At the completion of the lease in December 2024, the village has the option to buy the cruiser for \$1.

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

| Year Ending<br>December 31: | Leases    |
|-----------------------------|-----------|
| 2020                        | \$ 11,897 |
| 2021                        | 11,897    |
| 2022                        | 11,897    |
| 2023                        | 11,897    |
| 2024                        | 11,897    |
| 2025                        | 6,223     |
| Total                       | \$ 65,708 |

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Advances**

During 2019, the following advances were made:

|  | Advances In | Advances Out |
|--|-------------|--------------|
| General  | \$ -        | \$ (30,350)  |
| Special Revenue - Street Construction, Maintenance, and Repair | 30,350      | -            |
| Total  | \$ 30,350   | \$ (30,350)  |

Total outstanding advances at December 31, 2019 consisted of \$45,350 advanced to the Street Construction, Maintenance, and Repair Fund from the General Fund in order to cover construction expenses on road repairs.

**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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF TREMONT CITY  
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | General           | Special<br>Revenue | Totals<br>(Memorandum<br>Only) |
|---|-------------------|--------------------|--------------------------------|
| <b>Cash Receipts</b>  |                   |                    |                                |
| Property and Other Local Taxes                                | \$ 7,590          | \$ -               | \$ 7,590                       |
| Municipal Income Tax  | 58,024            | -                  | 58,024                         |
| Intergovernmental   | 4,089             | 17,949             | 22,038                         |
| Fines, Licenses and Permits                                   | 87,328            | -                  | 87,328                         |
| Miscellaneous   | 14,494            | 1,020              | 15,514                         |
|   | <b>171,525</b>    | <b>18,969</b>      | <b>190,494</b>                 |
| <b>Cash Disbursements</b>                                     |                   |                    |                                |
| Current:  |                   |                    |                                |
| Security of Persons and Property                              | 59,451            | -                  | 59,451                         |
| Leisure Time Activities                                       | -                 | 805                | 805                            |
| Transportation  | -                 | 2,752              | 2,752                          |
| General Government  | 60,729            | -                  | 60,729                         |
| Capital Outlay  | 36,265            | -                  | 36,265                         |
| Debt Service:   |                   |                    |                                |
| Principal Retirement  | 8,718             | -                  | 8,718                          |
| Interest and Fiscal Charges                                   | 1,557             | -                  | 1,557                          |
|   | <b>166,720</b>    | <b>3,557</b>       | <b>170,277</b>                 |
| <i>Total Cash Disbursements</i>                               | <b>166,720</b>    | <b>3,557</b>       | <b>170,277</b>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i>          | <b>4,805</b>      | <b>15,412</b>      | <b>20,217</b>                  |
| <b>Other Financing Receipts (Disbursements)</b>               |                   |                    |                                |
| Other Debt Proceeds   | 36,265            | -                  | 36,265                         |
| Sale of Capital Assets  | 4,000             | -                  | 4,000                          |
|   | <b>40,265</b>     | <b>-</b>           | <b>40,265</b>                  |
| <i>Total Other Financing Receipts (Disbursements)</i>         | <b>40,265</b>     | <b>-</b>           | <b>40,265</b>                  |
| <i>Net Change in Fund Cash Balances</i>                       | <b>45,070</b>     | <b>15,412</b>      | <b>60,482</b>                  |
| <i>Fund Cash Balances, January 1 (Restated - See Note 12)</i> | <b>77,333</b>     | <b>25,061</b>      | <b>102,394</b>                 |
| <b>Fund Cash Balances, December 31</b>                        |                   |                    |                                |
| Restricted  | -                 | 40,473             | 40,473                         |
| Assigned  | 46,286            | -                  | 46,286                         |
| Unassigned  | 76,117            | -                  | 76,117                         |
|   | <b>122,403</b>    | <b>40,473</b>      | <b>162,876</b>                 |
| <i>Fund Cash Balances, December 31</i>                        | <b>\$ 122,403</b> | <b>\$ 40,473</b>   | <b>\$ 162,876</b>              |

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

**VILLAGE OF TREMONT CITY  
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | Fiduciary Fund Type |
|---|---------------------|
|   | Agency              |
| <b>Operating Cash Receipts</b>                                |                     |
| Fines, Licenses and Permits                                   | \$ 112,359          |
| <i>Total Operating Cash Receipts</i>                          | 112,359             |
| <b>Operating Cash Disbursements</b>                           |                     |
| Other   | 111,962             |
| <i>Total Operating Cash Disbursements</i>                     | 111,962             |
| <i>Net Change in Fund Cash Balances</i>                       | 397                 |
| <i>Fund Cash Balances, January 1 (Restated - See Note 12)</i> | 6,920               |
| <i>Fund Cash Balances, December 31</i>                        | \$ 7,317            |

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

**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Tremont City, Clark County, (the Village) as a body corporate and politic. A publicly elected, six-member Council directs the Village. The Village provides road maintenance and police services. The Village contracts with German Township to receive fire protection services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pools:

The Village 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. The Village also belongs to the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. GRP provides worker's compensation for its members

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

Street Construction, Maintenance and Repair Fund – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Motor Vehicle License Tax Fund – This fund receives permissive motor vehicle license taxes used for road and street repairs.

Veteran's Memorial Park – This fund receives donations and contributions for constructing and maintaining a memorial park.

**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

Agency 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 agency fund accounts for Mayor's Court Activity.

***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. 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 (C) permit.

***Budgetary Process***

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

***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 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 2018 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.

The Village invests all available funds in checking accounts.

***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.

**Village of Tremont City**  
Clark County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

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

**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.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

| 2018 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$ 145,477           | \$ 211,790         | \$ 66,313 |
| Special Revenue                   | 20,500               | 18,969             | (1,531)   |
| Total                             | \$ 165,977           | \$ 230,759         | \$ 64,782 |

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$ 182,000                 | \$ 168,543                | \$ 13,457 |
| Special Revenue                                       | 18,500                     | 3,557                     | 14,943    |
| Total   | \$ 200,500                 | \$ 172,100                | \$ 28,400 |

**Note 4 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2018 was as follows:

|                 |            |
|-----------------|------------|
| Demand deposits | \$ 170,193 |
| Total deposits  | \$ 170,193 |

Deposits are insured by the Federal Depository Insurance Corporation.

**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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

***Income Tax***

The Village levies a municipal income tax of 1 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.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The income tax is collected by the Regional Income Tax Agency (RITA) and is remitted to the Village. Income tax receipts are credited to the Village's General Fund.



**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 6 – Risk Management**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

|                       | <u>2018</u>  |
|-----------------------|--------------|
| Cash and investments  | \$35,381,789 |
| Actuarial liabilities | \$12,965,015 |

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Village 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. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Social Security***

The Mayor and Council Members 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, 2018.

**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 2018.

**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 9 - Debt**

Debt outstanding at December 31, 2018 was as follows:

|                   | Principal | Interest Rate |
|-------------------|-----------|---------------|
| Police Cruiser #1 | \$ 5,835  | 6.50%         |
| Police Cruiser #2 | 3,627     | 4.52%         |
| Plow Truck        | 36,265    | 4.80%         |
| Total             | \$ 45,727 |               |

In May 2015, the Village entered into a lease agreement for a 2014 Dodge Charger Police Cruiser at a total cost of \$26,604, paid in five years with annual payments of \$6,401.67, beginning in June 2015, at the interest rate of 6.50%. At the completion of the lease in June 2019, the Village has the option to purchase the Dodge Charger at the price of \$1.

In July 2015, the Village entered into a lease agreement for a 2014 Dodge Charger Police Cruiser at a total cost of \$26,979 less a trade in of \$10,000 for the 2010 Crown Vic, paid in five years with annual payments of \$3,869.95, beginning in October 2015, at the interest rate of 4.52%. At the completion of the lease in October 2019, the Village has the option to purchase the Dodge Charger at the price of \$1.

In February 2018, the Village entered into a lease agreement for a 2017 Ford F250 Plow Truck at a total cost of \$36,265 with annual payments of \$6,223, beginning February 2019. At the completion of the lease in February 2025, the Village has the option to buy the plow truck at the price of \$1.

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

| Year Ending<br>December 31: | Leases    |
|-----------------------------|-----------|
| 2019                        | \$ 16,495 |
| 2020                        | 6,223     |
| 2021                        | 6,223     |
| 2022                        | 6,223     |
| 2023                        | 6,223     |
| 2024-2025                   | 6,223     |
| Total                       | \$ 47,610 |

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Advances**

Total outstanding advances at December 31, 2018 consisted of \$15,000 advanced to the Street Construction, Maintenance, and Repair Fund from the General Fund in order to cover construction expenses on road repairs.

**Village of Tremont City**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 12 – Restatement of Fund Balances**

The Village's fund cash balances at January 1, 2018 have been restated to correct the beginning balance of the Village's Mayor's Court Fund. These adjustments resulted in the following changes in fund balances at January 1, 2018:

|  | Governmental Fund Types |                    | Totals<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|--------------------------------|
|  | General                 | Special<br>Revenue |                                |
| Fund Balance at December 31, 2017<br>as Previously Reported          | \$ 77,866               | \$ 25,061          | \$ 102,927                     |
| Adjustment to correct beginning<br>balance of the Mayor's Court Fund | (533)                   | -                  | (533)                          |
| Fund Balance January 1, 2018 as<br>Restated                          | \$ 77,333               | \$ 25,061          | \$ 102,394                     |
|  | Fiduciary<br>Fund Type  |                    |                                |
|  | Agency                  |                    |                                |
| Fund Balance at December 31, 2017<br>as Previously Reported          | \$ 6,316                |                    |                                |
| Adjustment to correct beginning<br>balance of the Mayor's Court Fund | 604                     |                    |                                |
| Fund Balance January 1, 2018 as<br>Restated                          | \$ 6,920                |                    |                                |

**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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Village of Tremont City  
Clark County  
26 East Main Street  
Tremont City, Ohio 45372

To the Village Council:

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 cash balances, receipts, and disbursements for each governmental and fiduciary fund type as of and for the years ended December 31, 2019 and 2018, and related notes of the **Village of Tremont City**, Clark County, (the Village) and have issued our report thereon dated January 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 continuing emergency measures will impact subsequent periods of the Village.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 Village's internal control. Accordingly, we have not opined on it.

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 audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 Village's financial statements. We consider findings 2019-001 through 2019-005 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-006 described in the accompanying schedule of audit findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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 audit findings as items 2019-003 through 2019-007.

***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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

January 20, 2023

**VILLAGE OF TREMONT CITY  
CLARK COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2019-001**

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The Village should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. The Village did not always accurately post receipts and disbursements to the Village's accounting system and did not always accurately classify fund balances. The following errors were noted:

- Two Property Tax receipts were improperly posted to Intergovernmental instead of Property and Other Local Taxes in the General Fund in 2019 and one Property Tax receipt was improperly posted to Miscellaneous instead of Property and Other Local Taxes in the General Fund in 2018;
- Some County Auto License Tax receipts were improperly posted to the General Fund and Permissive Motor Vehicle License Tax Fund rather than the Street Construction, Maintenance and Repair Fund in 2019 and 2018;
- Some Permissive Tax receipts were improperly posted to the General Fund and Street Construction, Maintenance and Repair Fund rather than the Permissive Motor Vehicle License Tax Fund in 2019 and 2018;
- Debt payments that should have been allocated between principal and interest were posted to Security of Persons and Property in the General Fund in 2019 and 2018;
- Debt Proceeds and the corresponding Capital Outlays were not recorded in the accounting system for the debt issued in 2019 and 2018 to be paid from the General Fund;
- One receipt for the sale of a plow was posted to Miscellaneous instead of Sale of Capital Assets in the General Fund in 2018;
- Some Mayor's Court receipts and disbursements were not properly posted in the Agency Fund in 2019 and 2018;
- Some receipts of disbursements from the Mayor's Court Agency Fund to the Village's General Fund were posted to Intergovernmental instead of Fines, Licenses and Permits in 2018;
- Tax collection fee expenses were mistakenly posted to Other in the Mayor's Court Agency Fund rather than to General Government in the General Fund in 2018;
- Various adjustments related to the Proof of Cash performed by LGS for differences between the bank and books in 2019 and 2018;
- Audit adjustments from the 2017-2016 audit were not properly posted in the accounting system during the 2019-2018 audit period and have been repropounded; and
- A portion of the General Fund balance should have been reported as Assigned due to year end outstanding encumbrances and subsequent year appropriations exceeding estimated receipts in 2019 and 2018.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The Village has made these adjustments to its accounting system.

VILLAGE OF TREMONT CITY  
CLARK COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001 (Continued)

**Material Weakness (Continued)**

**Financial Reporting (Continued)**

The following reclassifications were inconsequential to the overall financial statements of the Village for December 31, 2019 and 2018 and were not posted to the financial statements or ledgers:

- Property Tax Rollback receipts was recorded as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2019 and 2018;
- Some Miscellaneous receipts were improperly posted to Intergovernmental in the General Fund in 2019;
- Some Local Government Distribution receipts were improperly posted to Miscellaneous instead of Intergovernmental in the General Fund in 2018;
- One County Auditor receipt was improperly posted to Miscellaneous instead of Intergovernmental in 2018; and
- Two Municipal Income Tax receipts were double-posted and offset by overstating expenditures in the General Fund in 2019.

Corrections were also made to the notes to the financial statements both to correct errors and to adjust for audit adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Officials' Response** – We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-002

**Material Weakness**

**Cash Reconciliation**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance monthly, and the Council is responsible for reviewing the reconciliations and related support.

**VILLAGE OF TREMONT CITY  
CLARK COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|--|

**FINDING NUMBER 2019-002 (Continued)**

**Material Weakness (Continued)**

**Cash Reconciliation (Continued)**

Bank reconciliations were not prepared timely (within the subsequent month) for 11 of the 12 reconciliations in 2019 and for 5 of the 12 reconciliations in 2018. Also, Other Adjusting Factors were entered to reconcile the bank and book balances for substantially all of the months in both 2019 and 2018. In order to properly reconcile the account balances, a Proof of Cash had to be performed, which identified various receipts and disbursements that were not entered into the accounting system timely.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected timely. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document those reviews.

**Officials' Response:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2019-003**

**Material Weakness/Noncompliance**

**Budgetary Controls**

The budget is an instrument of public policy. A governing board expresses its desire for using a government's limited resources through its applications. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeding appropriations); and
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.

Violations of 5705.41(B) resulted from expenditures exceeding appropriations in the General and Veterans Memorial Park Funds in 2019. In addition, we determined 46% of expenditures tested for 2019 and 3% of expenditures tested for 2018 were not properly encumbered.

We also noted the Village did not include the effect of prior year unpaid advances when determining their unencumbered beginning fund balances for the General and Street Construction, Maintenance and Repair Funds on the Certificate of Estimated Resources.



VILLAGE OF TREMONT CITY  
CLARK COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-003 (Continued)

Material Weakness/Noncompliance (Continued)

Budgetary Controls (Continued)

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure to ensure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

**Officials' Response:** We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-004

Material Weakness/Noncompliance

According to **Auditor of State Bulletin 97-019**, while there is no provision in **Ohio Rev. Code Ch. 1905** that explicitly establishes a mayor's court computerization fund similar to **Ohio Rev. Code § 1901.261 and 1907.261**, it is the Auditor of State's opinion that the mayor's courts are also able to establish a computer fund. The fee charged to computerize operations of the court and the office of the clerk of its court of \$3 per **Ohio Rev. Code § 1901.261(A)(1)** and \$10 per **Ohio Rev. Code § 1901.261(B)(1)** must be placed in a special revenue fund.

During the audit period, the Village charged and paid into the General Fund a total of \$16 per case, which exceeds the \$13 allowable amount. We noted the Village has not established a Mayor's Court Computer Fund.

We recommend the Village establish a Mayor's Court Computer Fund as a Special Revenue Fund. We also recommend the Village review Ohio Rev. Code § 1901.261 to ensure the proper amount for computerization is charged and remitted to the Mayor's Court Computer Fund, and that expenditures out of this fund are for authorized purposes.

**Officials' Response** – We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-005

Material Weakness/Noncompliance

Proper Public Purpose

State ex. Rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialize by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

**VILLAGE OF TREMONT CITY  
CLARK COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**FINDING NUMBER 2019-005 (Continued)**

**Material Weakness/Noncompliance (Continued)**

**Proper Public Purpose (Continued)**

Purchases of alcoholic beverages are deemed to be unallowable, unless the purchase falls under the exception noted in Auditor of State Bulletin 2014-003 which states, in part, a limited exception to this policy will be recognized when alcoholic beverages are purchased only for resale, such as at a festival, community event, or similar activity, pursuant to a valid permit issued by the Division of Liquor Control.

In August 2019, the Village purchased alcohol for a prize/auction item for the car show in the amount of \$121.31. Village Fiscal Officer, Megan Mulkey, received or collected the public money used to make the improper payments for \$121.31 of the above items noted. The expenditure of public funds for alcoholic beverages did not serve a proper public purpose. As this purchase does not fall within the exception criteria noted above, it is deemed to be unallowable.

Also, due to insufficient policies and procedures, during fiscal year 2019 and 2018, the Village incurred credit card late fees and interests in the amount of \$484.13 and OPERS remittance penalties in the amount of \$178.41. Prior Village Fiscal Officer, Jayne Athey, received or collected the public money used to make the improper payments for \$11.55 of the items noted. Village Fiscal Officer, Megan Mulkey, received or collected the public money used to make the improper payments for \$650.99 of the above items noted. These incurred costs were unnecessary expenditures that did not serve a proper public purpose and could have been avoided had the funds been remitted by the required due dates.

The Village should ensure that all transactions are for a proper public purpose prior to issuing payment for said transactions.

**Officials' Response** – We did not receive a response from Officials to this finding.

**FINDING NUMBER 2019-006**

**Significant Deficiency/Noncompliance**

**Ohio Rev. Code § 145.47** states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period.

The Village did not submit the monthly OPERS reports for six months in 2019 and three months in 2018 timely. This resulted in the Village owing and paying OPERS late filing fees totaling \$178.41 (as noted in Finding 2019-005). As of December 31, 2019, all reports have been submitted.

We recommend the Village follow up with OPERS to ensure that contributions are up to date. We also recommend the Village take the care necessary to ensure OPERS contributions are being remitted timely and in the correct amount to avoid accrual of interest and penalties.

**Officials' Response** – We did not receive a response from Officials to this finding.

VILLAGE OF TREMONT CITY  
CLARK COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-007

**Noncompliance**

**Ohio Rev. Code Section 149.351(A)**, states, in part, that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

The following items were not provided by the Village:

- Timesheets for two employees selected for testing in 2019 and one employee selected for testing in 2018;
- Invoices for road repairs by Meades Paving in 2019 and one month of fuel purchases from Superfleet MC Program in 2018; and
- Support for two miscellaneous receipts selected for testing in 2019 and eight miscellaneous receipts tested in 2018 (including support for all receipts and disbursements related to the annual car show).

The Village should implement procedures so that all records are maintained and are only removed or destroyed in accordance with the Village's record retention schedule. Failure to retain these required public records may result in an incomplete audit trail and create potential problems for future management decisions.

**Officials' Response** – We did not receive a response from Officials to this finding.

**VILLAGE OF TREMONT CITY  
CLARK COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| Finding Number | Finding Summary                                   | Status        | Additional Information       |
|----------------|---|---------------|------------------------------|
| 2017-001       | Posting Receipts, Disbursements and Fund Balances | Not Corrected | Repeated as Finding 2019-001 |
| 2017-002       | Budgetary Controls                                | Not Corrected | Repeated as Finding 2019-003 |

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF TREMONT CITY**

**CLARK 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 5/4/2023**

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](http://www.ohioauditor.gov)