



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF TREMONT CITY
CLARK COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022**



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Columbus, Ohio 43215
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Village Council
Village of Tremont City
26 East Main Street
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, 2022 through December 31, 2023. 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: Megan Mulkey

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).**

Federal Tax:

26 U.S.C. §§ 3401 through 3405, and 3102(a) require the employing government to withhold federal, state, and local income and employment related taxes (such as Medicare). They also require the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

Internal Revenue Service Publication 15 states, in part, "Penalties may apply if you don't make required deposits on time or if you make deposits for less than the required amount...For each whole or part month a return isn't filed when required, there is a failure-to-file (FTF) penalty...Also, for each whole or part month the tax is paid late, there is a failure-to-pay (FTP) penalty..."

State Department of Taxation and School District Taxes:

Ohio Rev. Code § 5747.07 requires an employing government to remit taxes which it withheld pursuant to **Ohio Rev. Code § 5705.06** (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year.

Ohio Public Employees Retirement System:

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.

Between November 30, 2021 and September 13, 2022, the Village's former Fiscal Officer withheld employee federal, state taxes, school district taxes, as well as employee pension contributions to the Ohio Public Employees Retirement System (OPERS); however, neither the employer nor employee portions from 2021 or 2022 were not timely remitted. The failure to file, pay, and/or report the withholdings on 14 separate occasions resulted in late fees and penalties of \$861.79, which were incurred and paid by the Village in 2022 and 2023. Additionally, the former Fiscal Officer did not timely remit the employee and employer contributions to the Ohio Public Employees Retirement System (OPERS) during 2022 on two separate occasions. As a result, the Village paid \$235.58 in penalties and interest.

Prior to September 13, 2022, under Ohio law, public officials were 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). On and after September 13, 2022, **Ohio Rev. Code §733.82** states that the treasurer of a municipal corporation or city auditor, or other officer of a municipal corporation having the duties of a municipal treasurer or of a city auditor, shall not be held liable for a loss of public funds when the officer has performed all official duties required of the officer with reasonable care, but shall be liable only when a loss of public funds results from the officer's negligence or other wrongful act.

Between September 13, 2022 and October 24, 2023, former Fiscal Officer, Megan Mulkey, withheld federal and state, and school district employee and employer tax contributions as well as employee pension contributions to OPERS. On 12 separate occasions, Ms. Mulkey failed to remit the required amounts in a timely manner, resulting in the Village incurring penalties and interest charges in the amount of \$837.43. Additionally, the former Fiscal Officer, Megan Mulkey, on four separate occasions, incurred late fees and interest charges on the Village credit cards in the amount of \$586.55. Late payment fees, penalties and related interest charges incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. No explanation was provided that demonstrates that these fees and penalties were not incurred through gross negligence. These charges would have been avoided had the funds been remitted by the required due dates.

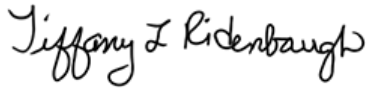
The repeated failure to remit federal, state and school district tax withholdings, OPERS pension withholding, and credit card payments in a timely manner is considered gross negligence. Late payment fees, interest, and related charges incurred through gross negligence are unnecessary expenditures that do not serve a proper public purpose and could have been avoided had the former Fiscal Officer remitted the tax withholdings, employee and employer contributions, and credit card payments 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 Megan Mulkey and her bonding company, Liberty Mutual Surety, jointly and severally, in the amount of \$2,521.35 and in favor of the Village of Tremont City General Fund, in the amount of \$2,521.35.

Village Council
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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
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 13, 2025

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Tremont City, Clark County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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

May 30, 2025

**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, 2023**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 9,777	\$ -	\$ 9,777
Municipal Income Tax	69,240	-	69,240
Intergovernmental	6,590	30,943	37,533
Fines, Licenses and Permits	87,356	-	87,356
Miscellaneous	2,637	9,416	12,053
<i>Total Cash Receipts</i>	<u>175,600</u>	<u>40,359</u>	<u>215,959</u>
Cash Disbursements			
Current:			
Security of Persons and Property	80,190	-	80,190
Leisure Time Activities	-	6,096	6,096
Transportation	-	20,841	20,841
General Government	129,196	-	129,196
Debt Service:			
Principal Retirement	14,536	-	14,536
Interest and Fiscal Charges	1,951	-	1,951
<i>Total Cash Disbursements</i>	<u>225,873</u>	<u>26,937</u>	<u>252,810</u>
<i>Net Change in Fund Cash Balances</i>	(50,273)	13,422	(36,851)
<i>Fund Cash Balances, January 1 (Restated - See Note 14)</i>	<u>103,954</u>	<u>91,541</u>	<u>195,495</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 53,681</u></u>	<u><u>\$ 104,963</u></u>	<u><u>\$ 158,644</u></u>

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

**VILLAGE OF TREMONT CITY
CLARK COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Other Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$ 90,697</u>
<i>Total Additions</i>	<u>90,697</u>
Deductions	
Distributions to Other Governments	17,704
Distributions to Other Funds (Primary Gov't)	86,618
Other Distributions	<u>620</u>
<i>Total Deductions</i>	<u>104,942</u>
Net Change in Fund Balances	(14,245)
<i>Fund Cash Balances, January 1</i>	<u>31,372</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 17,127</u></u>

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, 2023

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 (Public Entities Pool of Ohio (PEP)).

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 additions, deductions, and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all 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.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court Activity.

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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 custodial 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 2023 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's funds are held in non-interest bearing accounts. The Village has no investments.

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.

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles and other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Street Construction, Maintenance and Repair, Permissive Motor Vehicle License Tax, and Veterans Memorial Park Funds by \$221,487, \$19,811, \$1,030, and \$6,096, respectively, for the year ended December 31, 2023. Also, contrary to Ohio law, an appropriations resolution was not filed with the County Auditor for the year ended December 31, 2023.

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 141,158	\$ 175,600	\$ 34,442
Special Revenue	25,500	40,359	14,859
Total	<u>\$ 166,658</u>	<u>\$ 215,959</u>	<u>\$ 49,301</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 9,293	\$ 230,780	\$ (221,487)
Special Revenue	-	26,937	(26,937)
Total	<u>\$ 9,293</u>	<u>\$ 257,717</u>	<u>\$ (248,424)</u>

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

	2023
Demand deposits	<u>\$ 175,771</u>
Total deposits	<u>\$ 175,771</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$3,406 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Taxes (Continued)

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.

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 Village'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:

2023

Cash and investments \$43,996,442

Actuarial liabilities \$19,743,401

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, 2023.

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Defined Benefit Pension Plans (Continued)

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, 2023.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 10 - Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Plow Truck	\$ 11,603	4.80%
Police Cruiser - 2019	5,485	3.84%
Tractor	12,587	4.26%
Total	<u><u>\$ 29,675</u></u>	

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.

In February 2021, the Village entered into a lease agreement for a 2020 Kioti Tractor at a total cost of \$23,695 with annual payments of \$4,558, beginning April 2021. At the completion of the lease in April 2026, the Village has the option to buy the tractor for \$1.

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

<u>Year Ending December 31:</u>	<u>Leases</u>
2024	\$ 16,455
2025	10,781
2026	4,558
Total	<u><u>\$ 31,794</u></u>

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Total outstanding advances at December 31, 2023 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 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 4,907	\$ -	\$ 4,907

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

Note 14 – Restatement of Fund Balances

The Village's fund cash balances at January 1, 2023 have been restated for prior year voided checks. These adjustments resulted in the following changes in fund balances at January 1, 2023:

	Governmental Fund Types		
	General	Special Revenue	Combined Total
Fund Balance at December 31, 2022 as Previously Reported	\$ 102,000	\$ 91,541	\$ 193,541
Adjustment for prior year voided checks.	1,954	-	1,954
Fund Balance January 1, 2023 as Restated	<u>\$ 103,954</u>	<u>\$ 91,541</u>	<u>\$ 195,495</u>

**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, 2022**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 8,159	\$ -	\$ 8,159
Municipal Income Tax	55,748	-	55,748
Intergovernmental	25,381	28,984	54,365
Fines, Licenses and Permits	47,443	-	47,443
Miscellaneous	8,155	7,517	15,672
<i>Total Cash Receipts</i>	<u>144,886</u>	<u>36,501</u>	<u>181,387</u>
Cash Disbursements			
Current:			
Security of Persons and Property	35,469	-	35,469
Leisure Time Activities	-	5,090	5,090
Transportation	-	13,764	13,764
General Government	142,997	-	142,997
Debt Service:			
Principal Retirement	13,925	-	13,925
Interest and Fiscal Charges	2,562	-	2,562
<i>Total Cash Disbursements</i>	<u>194,953</u>	<u>18,854</u>	<u>213,807</u>
<i>Net Change in Fund Cash Balances</i>	(50,067)	17,647	(32,420)
<i>Fund Cash Balances, January 1</i>	<u>152,067</u>	<u>73,894</u>	<u>225,961</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 102,000</u></u>	<u><u>\$ 91,541</u></u>	<u><u>\$ 193,541</u></u>

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

VILLAGE OF TREMONT CITY
CLARK COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 82,995
<i>Total Additions</i>	<u>82,995</u>
Deductions	
Distributions to Other Governments	15,966
Distributions to Other Funds (Primary Gov't)	47,443
Other Distributions	<u>220</u>
<i>Total Deductions</i>	<u>63,629</u>
Net Change in Fund Balances	19,366
<i>Fund Cash Balances, January 1</i>	<u>12,006</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 31,372</u></u>

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, 2022

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 (Public Entities Pool of Ohio (PEP)).

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 additions, deductions, and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all 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.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court Activity.

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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 custodial 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 2022 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's funds are held in non-interest bearing accounts. The Village has no investments.

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.

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles and other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Street Construction, Maintenance and Repair, Permissive Motor Vehicle License Tax, Veterans Memorial Park, and Community Park Funds by \$193,277, \$10,537, \$1,821, \$3,666 and \$682, respectively, for the year ended December 31, 2022. Also, contrary to Ohio law, an appropriations resolution was not filed with the County Auditor for the year ended December 31, 2022.

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 112,056	\$ 144,886	\$ 32,830
Special Revenue	45,741	36,501	(9,240)
Total	<u>\$ 157,797</u>	<u>\$ 181,387</u>	<u>\$ 23,590</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 10,970	\$ 204,246	\$ (193,276)
Special Revenue	2,148	18,854	(16,706)
Total	<u>\$ 13,118</u>	<u>\$ 223,100</u>	<u>\$ (209,982)</u>

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

	2022
Demand deposits	\$ 224,913
Total deposits	<u>\$ 224,913</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$3,146 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Taxes (Continued)

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.

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 Village'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:

2022

Cash and investments \$42,310,794

Actuarial liabilities \$15,724,479

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, 2022.

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans (Continued)

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, 2022.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

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

Note 10 - Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Plow Truck	\$ 17,009	4.80%
Police Cruiser - 2019	10,757	3.84%
Tractor	16,445	4.26%
Total	<u>\$ 44,211</u>	

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.

In February 2021, the Village entered into a lease agreement for a 2020 Kioti Tractor at a total cost of \$23,695 with annual payments of \$4,558, beginning April 2021. At the completion of the lease in April 2026, the Village has the option to buy the tractor for \$1.

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

<u>Year Ending</u> <u>December 31:</u>	<u>Leases</u>
2023	\$ 16,455
2024	16,455
2025	10,781
2026	4,558
Total	<u>\$ 48,249</u>

Village of Tremont City
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Total outstanding advances at December 31, 2022 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 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 9,293	\$ -	\$ 9,293

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

**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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Tremont City, Clark County, (the Village) and have issued our report thereon dated May 30, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2023-001 through 2023-006 to be material weaknesses.

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 the deficiencies described in the accompanying schedule of findings as item 2023-007 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-003 through 2023-008.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



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

May 30, 2025

**VILLAGE OF TREMONT CITY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2023-001

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. The following errors were noted:

- Property Tax receipts were improperly posted to Intergovernmental instead of Property and Other Local Taxes in the General Fund in 2023 and 2022;
- Some County Auto License Tax receipts were improperly posted to the General Fund rather than the Street Construction, Maintenance and Repair Fund in 2023 and 2022;
- 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 2023 and 2022;
- Debt payments that should have been allocated between principal and interest were posted to Security of Persons and Property and General Government in the General Fund in 2023 and 2022;
- Two receipts for ARPA funds were posted to Miscellaneous instead of Intergovernmental in the General Fund in 2022 (see also Finding 2023-006);
- Some Mayor's Court receipts and disbursements were not properly posted in the Custodial Fund in 2023 and 2022; and
- Adjustments to properly apply the audit adjustments from the 2021-2020 audit to the beginning balance of 2022, to reverse other inaccurate fund balance adjustments made in 2022, and to correct fund balances in 2023 for checks that were voided but had already cleared the bank.

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.

The following reclassifications were inconsequential to the overall financial statements of the Village for December 31, 2023 and 2022 and were not posted to the financial statements or ledgers:

- Property Tax Rollback receipts were recorded as Fines, Licenses and Permits and Miscellaneous instead of Intergovernmental in the General Fund in 2023 and 2022; and
- One Municipal Income Tax receipt was recorded as Miscellaneous instead of Municipal Income Tax in the General Fund in 2022.

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

**VILLAGE OF TREMONT CITY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

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 – New Fiscal Officer reconciles statements for review prior to first meeting of the month.

FINDING NUMBER 2023-002

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) 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.

Bank reconciliations were not prepared timely (within the subsequent month) for 6 of the 12 reconciliations in 2023 and for 10 of the 12 reconciliations in 2022. Also, Other Adjusting Factors were entered to reconcile the bank and book balances for all of the months in both 2023 and 2022.

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: New Fiscal Officer reconciles statements for review prior to first meeting of the month.

**VILLAGE OF TREMONT CITY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-003

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 5705.38 which sets the requirements for filing annual appropriations measures;
- 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.

The Village did not file an appropriations resolution with the County Auditor in 2023 or 2022. Violations of 5705.41(B) resulted from expenditures exceeding appropriations in the General, Street Construction, Maintenance and Repair, Permissive Motor Vehicle License Tax, and Veterans Memorial Park Funds in 2023, as well as all funds in 2022. In addition, we determined 33% of expenditures tested for 2023 and 18% of expenditures tested for 2022 were not properly encumbered.

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.

Officials' Response: 2021-12 and 2022-17 were filed with county auditor.

FINDING NUMBER 2023-004

Material Weakness/Noncompliance

Mayor's Court Computerization Fund

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 – Court uses Baldwin Group software and bases payments on that software.

**VILLAGE OF TREMONT CITY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-005

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.

Ohio Rev. Code § 5747.07 states, in part, an employer shall make the payment of undeposited taxes and shall file the return prescribed by the tax commissioner with the payment. Additionally, all amounts of taxes withheld or required to be withheld and remaining unpaid after the day the amounts are required to be paid shall bear interest from the date prescribed for payment. **Ohio Rev. Code §§ 145.85 and 145.86** requires a contribution as required in sections 145.48 and 145.47 of the Revised Code from both the employer and employee for each member participating in a PERS defined contribution plan.

Due to insufficient policies and procedures, during 2023 and 2022, the Village incurred Ohio Public Employees Retirement System (OPERS), IRS, and State Department of Taxation untimely remittance penalties and interest charges in the amount of \$1,699 due to untimely report submissions. The penalties and interest charges paid serve no proper public purpose and could have been avoided had the funds been remitted as required by law. Additionally, the Village incurred interest and late charges on one credit card in the amount of \$1,009. 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 – New Fiscal Officer pays these on time with 1st check of month.

FINDING NUMBER 2023-006

Material Weakness/Noncompliance

Ohio Rev. Code 5705.09(F) provides that each subdivision shall establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

In 2022, State and Local Fiscal Recovery Funds receipts were posted to the General Fund, instead of properly establishing a Local Fiscal Recovery Fund. Not posting monies to the proper fund could result in expenditures being made that are not allowable based on the restrictions of the fund.

The Village should refer to the Village Officer's Handbook for guidance for the proper establishment of new funds. Also, the Village should refer to Auditor of State Bulletin 2021-004 for guidance on accounting for federal programs authorized by the American Rescue Plan Act of 2021.

Officials' Response – These funds have been spent and reports filed.

**VILLAGE OF TREMONT CITY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2023-007

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 five months in 2023 and five months in 2022 timely. This resulted in the Village owing and paying OPERS late filing fees totaling \$127.27 (as noted in Finding 2023-005). As of December 31, 2023, 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 – OPERS reports are filed with first payroll payment of month.

FINDING NUMBER 2023-008

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:

- Support for three miscellaneous receipts selected for testing in 2023 and five miscellaneous receipts tested in 2022 (including support for all receipts and disbursements related to the annual car show); and
- Support for two disbursements selected for testing in 2023 and two disbursements tested in 2022.

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 – Reviewed records retention policy.

**VILLAGE OF TREMONT CITY
CLARK COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting	Not Corrected	Repeated as Finding 2023-001
2021-002	Cash Reconciliation	Not Corrected	Repeated as Finding 2023-002
2021-003	Budgetary Controls	Not Corrected	Repeated as Finding 2023-003
2021-004	Mayor's Court Computerization Fund	Not Corrected	Repeated as Finding 2023-004
2021-005	Proper Public Purpose	Not Corrected	Repeated as Finding 2023-005
2021-006	Ohio Revised Code Section 5705.09(F)	Not Corrected	Repeated as Finding 2023-006
2021-007	Ohio Revised Code Section 145.47	Not Corrected	Repeated as Finding 2023-007
2021-008	Ohio Revised Code Section 149.351(A)	Not Corrected	Repeated as Finding 2023-008

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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 11/25/2025

65 East State 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