



**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**VILLAGE OF GRATIS  
PREBLE COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2024 - 2023**





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Columbus, Ohio 43215  
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Village Council  
Village of Gratis  
404 Harrison Street  
Gratis, Ohio 45330

We have reviewed the *Independent Auditor's Report* of the Village of Gratis, Preble County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2023 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER  
Ohio Auditor of State

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

September 24, 2025

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**VILLAGE OF GRATIS  
PREBLE COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Village of Gratis  
Preble County  
404 Harrison Street  
Gratis, Ohio 45330

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 Gratis, Preble County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023, 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 and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, or the changes in financial position or, where applicable, cash flows 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 *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 June 12, 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 black ink that reads "Perry & Associates CPAs A.C.".

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

June 12, 2025

**VILLAGE OF GRATIS  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 30,573	\$ 75,964	\$ -	\$ 106,537
Municipal Income Tax	151,154	-	-	151,154
Intergovernmental	54,188	809,922	-	864,110
Charges for Services	175	306,883	-	307,058
Licenses, Permits and Fees	4,830	-	-	4,830
Fines, Forfeitures and Settlements	1,679	-	-	1,679
Earnings on Investments	2,746	467	-	3,213
Miscellaneous	14,905	34,516	-	49,421
<i>Total Cash Receipts</i>	<u>260,250</u>	<u>1,227,752</u>	<u>-</u>	<u>1,488,002</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	64,876	102,697	-	167,573
Public Health Services	-	563,238	-	563,238
Leisure Time Activities	-	1,931	-	1,931
Transportation	-	54,657	-	54,657
General Government	141,123	-	-	141,123
Debt Service:				
Principal Retirement	-	24,916	-	24,916
Interest and Fiscal Charges	-	318	-	318
<i>Total Cash Disbursements</i>	<u>205,999</u>	<u>747,757</u>	<u>-</u>	<u>953,756</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>54,251</u>	<u>479,995</u>	<u>-</u>	<u>534,246</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	1,000	1,230	-	2,230
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,000</u>	<u>1,230</u>	<u>-</u>	<u>2,230</u>
<i>Net Change in Fund Cash Balances</i>	55,251	481,225	-	536,476
<i>Fund Cash Balances, January 1</i>	<u>122,532</u>	<u>298,830</u>	<u>58</u>	<u>421,420</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 177,783</u></u>	<u><u>\$ 780,055</u></u>	<u><u>\$ 58</u></u>	<u><u>\$ 957,896</u></u>

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

**VILLAGE OF GRATIS  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 431,453
<i>Total Operating Cash Receipts</i>	<u>431,453</u>
<b>Operating Cash Disbursements</b>	
Personal Services	130,057
Employee Fringe Benefits	20,940
Contractual Services	232,218
Supplies and Materials	61,121
Other	<u>22,648</u>
<i>Total Operating Cash Disbursements</i>	<u>466,984</u>
<i>Operating Income (Loss)</i>	<u>(35,531)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	63,758
Loans Issued	276,316
Miscellaneous Receipts	8,665
Capital Outlay	(294,735)
Principal Retirement	(53,471)
Interest and Other Fiscal Charges	<u>(24,291)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(23,758)</u>
<i>Net Change in Fund Cash Balances</i>	(59,289)
<i>Fund Cash Balances, January 1</i>	<u>510,740</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 451,451</u></u>

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

**VILLAGE OF GRATIS  
PREBLE COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
	<u>Other Custodial</u>
<i>Total Additions</i>	<u>\$ -</u>
<i>Total Deductions</i>	<u>-</u>
Net Change in Fund Balances	-
<i>Fund Cash Balances, January 1</i>	<u>587</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 587</u></u>

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

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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**Note 1 – Reporting Entity**

The Village of Gratis (the Village), Preble County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, emergency medical services, fire services, and police services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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 proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) 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 sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has the following significant Special Revenue Funds:

**Fire Fund** - This fund receives real estate and personal property taxes and contracts with Gratis Township to provide for the protection of area citizens.

**EMS Fund** - This fund receives real estate and personal property taxes and contracts with Gratis Township and the Village of West Elkton to provide for the protection of area citizens.

**Capital Project Funds** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had a Capital Project Fund used to construct a capital improvement.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(Continued)*

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

**Fund Accounting (Continued)**

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

**Water Fund** - This fund receives charges for services from residents to cover water service costs.

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

**Water Debt Fund** - This fund accounts for the payments of water loans the Village has applied for.

**Sewer Debt Fund** - This fund accounts for the payments of sewer loans the Village has applied for.

**Fiduciary Funds** - Fiduciary funds include private purpose trust funds and custodial 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.

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's custodial fund accounts for the collection and distribution of Mayor's Court fines and fees.

**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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

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

**Budgetary Process**

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

**Appropriations** – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. 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.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(Continued)*

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

***Budgetary Process (Continued)***

***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 2024 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.

***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 report these items as assets.

***Fund Balance***

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

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

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(Continued)*

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

***Fund Balance (Continued)***

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the EMS Fund for the year ended December 31, 2024.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 205,850	\$ 261,250	\$ 55,400
Special Revenue	631,364	1,228,982	597,618
Enterprise	811,416	780,192	(31,224)
Total	<u>\$ 1,648,630</u>	<u>\$ 2,270,424</u>	<u>\$ 621,794</u>

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 249,187	\$ 206,731	\$ 42,456
Special Revenue	770,730	761,584	9,146
Enterprise	970,356	841,803	128,553
Total	<u>\$ 1,990,273</u>	<u>\$ 1,810,118</u>	<u>\$ 180,155</u>



**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(Continued)*

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**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:

	<u>2024</u>
Demand deposits	\$ 1,356,677
Certificate of deposit	<u>53,257</u>
Total deposits	<u>\$ 1,409,934</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, 2024, the Village is holding \$14,264 in unremitted employee payroll withholdings.

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; and collateralized by securities specifically pledged by the financial institution to the Village and collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**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 Taxes***

The Village levies a municipal income tax of one 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.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Continued)

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**Note 7 – Risk Management**

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

Worker's Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Risk Pool Membership***

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 (latest information available):

	<u><b>2023</b></u>
Cash and Investments	<u>\$ 43,996,442</u>
Actuarial Liabilities	<u>\$ 19,743,401</u>

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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, 2024.

***Social Security***

Several of the Village's employees 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, 2024.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Continued)

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**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 2024, 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 2024, 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, 2024 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CK06U	\$ 144,900	0.00%
OPWC CK19I	20,589	0.00%
OWDA 4497	341,145	4.42%
OWDA 8310	50,513	3.14%
OWDA 8799	241,973	0.00%
OWDA 10376	322,794	3.61%
Total	<u>\$ 1,121,914</u>	

Ohio Public Works Commission (OPWC) loan CK06U was obtained in 2020 in the amount of \$189,000 for street improvements. Starting in July 2020, the loan will be repaid in semi-annual installments of \$3,150 over 30 years.

Ohio Public Works Commission (OPWC) loan CK19I was obtained in 2005 in the amount of \$102,947 for water treatment storage and distribution improvements. Starting in July 2009, the loan will be repaid in semi-annual installments of \$2,574 over 20 years.

The Ohio Water Development Authority (OWDA) loan 4497 was obtained in 2004 in the amount of \$768,390 for water system improvements. The loan had a negative disbursement of \$138,008 in February 2008, which brought the disbursed funds capitalized interest at December 31, 2009 to \$610,552, and was a reduction of the principal balance. The loan will be repaid over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover loan repayment requirements.

The Ohio Water Development Authority (OWDA) loan 8310 was obtained for a WWTP Influent Pump Replacement project. The total amount of the loan is \$64,442. The loan will be repaid in semi-annual installments of \$2,181.74 over 20 years at an interest rate of 3.14%.

The Ohio Water Development Authority (OWDA) loan 8799 was obtained for a Back-Up Power and Lift Station Replacement project. The total amount of the loan is \$302,466. The loan will be repaid in semi-annual installments of \$7,561.66 over 20 years at an interest rate of 0.00%.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(Continued)*

**Note 10 – Debt (Continued)**

The Ohio Water Development Authority (OWDA) loan 10376 was obtained for the Ada Doty Storm and Waterline Improvements project. The total amount of the loan is \$322,794. The loan will be repaid in semi-annual installments of \$8,852.94 over 30 years at an interest rate of 3.61%.

**Leases**

The Village leases equipment under noncancelable leases. The Village disbursed \$15,785 to pay final costs related to the equipment leases for the year ended December 31, 2024.

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

Year ending December 31:	OPWC CK06U	OPWC CK19I	OWDA Loans
2025	\$ 3,150	\$ 2,574	\$ 36,349
2026	6,300	5,147	72,767
2027	6,300	5,147	72,862
2028	6,300	5,147	72,963
2029	6,300	2,574	73,067
2030-2034	31,500	-	367,078
2035-2039	31,500	-	277,754
2040-2044	31,500	-	111,214
2045-2049	22,050	-	88,529
2050-2054	-	-	88,529
2055-2059	-	-	8,853
Total	<u>\$ 144,900</u>	<u>\$ 20,589</u>	<u>\$ 1,269,965</u>

**Note 11 – Contingent Liabilities**

The Village is defendant in several lawsuits. Management cannot presently determine the outcome of these lawsuits.

A Release Agreement was executed in the matter of Preble C.P. Case no. 15CV030684, the Village was required to issue payment in the amount of \$31,390 within thirty (30) days of filing a dismissal of all claims with prejudice against Gratis and RITA in the Litigation. The Notice of Dismissal was file on September 12, 2023.

**Note 12 – COVID-19**

The financial impact of Covid-19 and any continuing emergency measures had no impact on the Village's operating costs and revenues in 2024.

**Note 13 – Construction and Contractual Commitments**

The Village is currently working with engineering firm Mote and Associates on wastewater upgrades with the influent pump and the Geeding Street Bridge replacement.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(Continued)*

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**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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>
Nonspendable:			
Unclaimed Monies	\$ 234	\$ -	\$ 234
Outstanding Encumbrances	<u>732</u>	<u>13,827</u>	<u>14,559</u>
<i>Total</i>	<u>\$ 966</u>	<u>\$ 13,827</u>	<u>\$ 14,793</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**VILLAGE OF GRATIS  
PREBLE 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	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 26,166	\$ 71,226	\$ -	\$ 97,392
Municipal Income Tax	137,555	-	-	137,555
Intergovernmental	33,639	511,643	-	545,282
Charges for Services	182	303,188	-	303,370
Fines, Licenses and Permits	7,401	-	-	7,401
Earnings on Investments	755	150	-	905
Miscellaneous	520	35,141	-	35,661
<i>Total Cash Receipts</i>	<u>206,218</u>	<u>921,348</u>	<u>-</u>	<u>1,127,566</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	56,884	41,841	-	98,725
Public Health Services	-	482,337	-	482,337
Leisure Time Activities	-	13	-	13
Basic Utility Services	-	9,840	-	9,840
Transportation	-	57,908	-	57,908
General Government	129,144	-	-	129,144
Capital Outlay	-	280,047	-	280,047
Debt Service:				
Principal Retirement	-	21,014	-	21,014
Interest and Fiscal Charges	-	1,050	-	1,050
<i>Total Cash Disbursements</i>	<u>186,028</u>	<u>894,050</u>	<u>-</u>	<u>1,080,078</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,190</u>	<u>27,298</u>	<u>-</u>	<u>47,488</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	8,925	-	-	8,925
Advances In	44,000	34,000	-	78,000
Advances Out	(34,000)	(44,000)	-	(78,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>18,925</u>	<u>(10,000)</u>	<u>-</u>	<u>8,925</u>
<i>Net Change in Fund Cash Balances</i>	<u>39,115</u>	<u>17,298</u>	<u>-</u>	<u>56,413</u>
<i>Fund Cash Balances, January 1 (Restated, See Note 15)</i>	<u>83,417</u>	<u>281,532</u>	<u>58</u>	<u>365,007</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 122,532</u>	<u>\$ 298,830</u>	<u>\$ 58</u>	<u>\$ 421,420</u>

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

**VILLAGE OF GRATIS  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 429,551
<i>Total Operating Cash Receipts</i>	<u>429,551</u>
<b>Operating Cash Disbursements</b>	
Personal Services	107,676
Employee Fringe Benefits	16,064
Contractual Services	202,963
Supplies and Materials	93,704
Other	27,114
<i>Total Operating Cash Disbursements</i>	<u>447,521</u>
<i>Operating Income (Loss)</i>	<u>(17,970)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Loans Issued	46,478
Capital Outlay	(42,727)
Principal Retirement	(47,618)
Interest and Other Fiscal Charges	(17,293)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(61,160)</u>
<i>Income (Loss) before Transfers</i>	(79,130)
Transfers In	125,000
Transfers Out	(125,000)
<i>Net Change in Fund Cash Balances</i>	(79,130)
<i>Fund Cash Balances, January 1 (Restated, See Note 15)</i>	<u>589,870</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 510,740</u></u>

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

**VILLAGE OF GRATIS  
PREBLE 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>Fiduciary Fund Type</u>
	<u>Custodial</u>
	<u>Other Custodial</u>
<i>Total Additions</i>	<u>\$ -</u>
<b>Deductions</b>	
Distributions to Other Governments	84
Distributions to Other Funds (Primary Gov't)	<u>458</u>
<i>Total Deductions</i>	<u>542</u>
Net Change in Fund Balances	(542)
<i>Fund Cash Balances, January 1</i>	<u>1,129</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 587</u></u>

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



**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**Note 1 – Reporting Entity**

The Village of Gratis (the Village), Preble County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, emergency medical services, fire services, and police services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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 proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) 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 sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has the following significant Special Revenue Funds:

**Fire Fund** - This fund receives real estate and personal property taxes and contracts with Gratis Township to provide for the protection of area citizens.

**EMS Fund** - This fund receives real estate and personal property taxes and contracts with Gratis Township and the Village of West Elkton to provide for the protection of area citizens.

**Capital Project Funds** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had a Capital Project Fund used to construct a capital improvement.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(Continued)*

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

**Fund Accounting (Continued)**

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

**Water Fund** - This fund receives charges for services from residents to cover water service costs.

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

**Water Debt Fund** - This fund accounts for the payments of water loans the Village has applied for.

**Sewer Debt Fund** - This fund accounts for the payments of sewer loans the Village has applied for.

**Fiduciary Funds** - Fiduciary funds include private purpose trust funds and custodial 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.

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's custodial fund accounts for the collection and distribution of Mayor's Court fines and fees.

**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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

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

**Budgetary Process**

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

**Appropriations** – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. 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.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(Continued)*

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

***Budgetary Process (Continued)***

***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.

***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 report these items as assets.

***Fund Balance***

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

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

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(Continued)*

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

***Fund Balance (Continued)***

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street, EMS, Water, and Trash Funds 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	\$ 145,240	\$ 215,143	\$ 69,903
Special Revenue	1,002,829	921,348	(81,481)
Enterprise	579,680	601,029	21,349
Total	<u>\$ 1,727,749</u>	<u>\$ 1,737,520</u>	<u>\$ 9,771</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 187,435	\$ 186,680	\$ 755
Special Revenue	926,301	927,832	(1,531)
Enterprise	681,041	694,663	(13,622)
Total	<u>\$ 1,794,777</u>	<u>\$ 1,809,175</u>	<u>\$ (14,398)</u>

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(Continued)*

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**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:

	<u>2023</u>
Demand deposits	\$ 881,558
Certificate of deposit	51,189
Total deposits	<u>\$ 932,747</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 \$16,987 in unremitted employee payroll withholdings.

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; and collateralized by securities specifically pledged by the financial institution to the Village and collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**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 Taxes***

The Village levies a municipal income tax of one 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.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(Continued)*

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**Note 7 – Risk Management**

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

Worker's Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Risk Pool Membership***

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:

	<u><b>2023</b></u>
Cash and Investments	<u>\$ 43,996,442</u>
Actuarial Liabilities	<u>\$ 19,743,401</u>

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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.

***Social Security***

Several of the Village's employees 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.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Continued)

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**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>
OPWC CK06U	\$ 154,350	0.00%
OPWC CK19I	28,310	0.00%
OWDA 4497	372,536	4.42%
OWDA 8310	54,551	3.14%
OWDA 8799	252,294	0.00%
OWDA 10376	46,478	3.61%
Ambulance Lease - TV Bank	15,466	4.00%
Total	<u>\$ 923,985</u>	

Ohio Public Works Commission (OPWC) loan CK06U was obtained in 2020 in the amount of \$189,000 for street improvements. Starting in July 2020, the loan will be repaid in semi-annual installments of \$3,150 over 30 years.

Ohio Public Works Commission (OPWC) loan CK19I was obtained in 2005 in the amount of \$102,947 for water treatment storage and distribution improvements. Starting in July 2009, the loan will be repaid in semi-annual installments of \$2,574 over 20 years.

The Ohio Water Development Authority (OWDA) loan 4497 was obtained in 2004 in the amount of \$768,390 for water system improvements. The loan had a negative disbursement of \$138,008 in February 2008, which brought the disbursed funds capitalized interest at December 31, 2009 to \$610,552, and was a reduction of the principal balance. The loan will be repaid over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover loan repayment requirements.

The Ohio Water Development Authority (OWDA) loan 8310 was obtained for a WWTP Influent Pump Replacement project. The total amount of the loan is \$64,442. The loan will be repaid in semi-annual installments of \$2,181.74 over 20 years at an interest rate of 3.14%.

The Ohio Water Development Authority (OWDA) loan 8799 was obtained for a Back-Up Power and Lift Station Replacement project. Disbursements are not complete. No amortization schedule is currently available.

**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(Continued)*

**Note 10 – Debt (Continued)**

The Ohio Water Development Authority (OWDA) loan 10376 was obtained for the Ada Doty Storm and Waterline Improvements project. Disbursements are not complete. No amortization schedule is currently available.

**Leases**

The Village leases equipment under noncancelable leases. The Village disbursed \$15,764 to pay costs related to the equipment leases for the year ended December 31, 2023.

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

Year ending December 31:	OPWC CK06U	OPWC CK19I	OWDA Loans	Ambulance Lease
2024	\$ 6,300	\$ 5,147	\$ 39,758	\$ 15,764
2025	6,300	5,147	39,845	-
2026	6,300	5,147	39,937	-
2027	6,300	5,147	40,033	-
2028	6,300	5,147	40,133	-
2029-2033	31,500	2,575	202,334	-
2034-2038	31,500	-	150,080	-
2039-2043	31,500	-	4,364	-
2044-2048	28,350	-	-	-
Total	<u>\$ 154,350</u>	<u>\$ 28,310</u>	<u>\$ 556,484</u>	<u>\$ 15,764</u>

**Note 11 – Contingent Liabilities**

In the matter of Preble Common Pleas Case No. 15CV030684, a confidential Release Agreement was executed and a Notice of Dismissal with Prejudice was filed on September 12, 2023.

**Note 12 – COVID-19**

The financial impact of Covid-19 and any continuing emergency measures had no impact on the Village's operating costs and revenues in 2023.

**Note 13 – Construction and Contractual Commitments**

The Village is currently working with engineering firm Mote and Associates on various water, wastewater, and street improvements.



**VILLAGE OF GRATIS**  
**PREBLE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Continued)

**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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	\$ 652	\$ 33,782	\$ 34,434
<i>Total</i>	<u>\$ 652</u>	<u>\$ 33,782</u>	<u>\$ 34,434</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 15 – Restatement of Fund Balances**

Beginning fund balances at January 1, 2023 were restated due to voided payments and receipt errors as follows:

	General	Special Revenue	Enterprise	Total
Ending Fund Balance, December 31, 2022	\$ 81,279	\$ 277,949	\$ 587,835	\$ 947,063
Restatement Amount	2,138	3,583	2,035	7,756
Beginning Fund Balance, January 1, 2023, Restated	<u>\$ 83,417</u>	<u>\$ 281,532</u>	<u>\$ 589,870</u>	<u>\$ 954,819</u>

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

Village of Gratis  
Preble County  
404 Harrison Street  
Gratis, Ohio 45330

To the Village Council:

We have audited, in accordance with the 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 and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements of the Village of Gratis, Preble County, Ohio (the Village) and have issued our report thereon dated June 12, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

***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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-002.

***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.

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

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

June 12, 2025

VILLAGE OF GRATIS  
PREBLE COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

FINDING NUMBER 2024-001

**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 following errors with the Village's annual financial report were noted:

- OPWC debt payments for the Ada Doty Street Improvement were recorded to the Sewer Debt Fund instead of the Street Fund in 2024 and 2023;
- OPWC DKX07 grant activity was not recorded as Intergovernmental receipts and Capital Outlay disbursements in 2023;
- OWDA on-behalf payments were not recorded as Loan Proceeds and Capital Outlay disbursements in 2024 and 2023;
- A portion of an OPWC payment was misclassified as Contractual Services in the Water Debt Fund in 2023;
- An auto license tax receipt was not properly allocated between the Street and State Highway Funds in 2023; and
- The Unclaimed Monies Fund should be rolled up with the General Fund for financial statement presentation.

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 posted all adjustments to its accounting system.

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.

VILLAGE OF GRATIS  
PREBLE COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

FINDING NUMBER 2024-002

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.

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to the Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

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.

**VILLAGE OF GRATIS  
PREBLE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Financial Reporting	Not Corrected	Repeated as Finding 2024-001
2022-002	Bank Reconciliations	Partially Corrected	Moved to Management Letter
2022-003	Timely Posting of Financial Transactions	Corrected	N/A
2022-004	Budgetary Controls	Not Corrected	Repeated as Finding 2024-002

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF GRATIS**

**PREBLE 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 10/7/2025**

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