



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF RUTLAND
MEIGS COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Rutland
Meigs County
P.O. Box 297
Rutland, Ohio 45775

To the Village Council:

Report on the Financial Statements

We have audited the accompanying 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 year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Rutland, Meigs County, Ohio (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Basis for Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Fines, Licenses and Permits receipts are reported at \$6,673 and \$13,234 for the years ended December 31, 2020 and 2019, respectively, which is 100% of Fiduciary Fund receipts for the years ended December 31, 2020 and 2019. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Fines, Licenses and Permits receipts. Consequently, we were unable to determine whether any additional adjustments to these amounts were necessary.

Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Because of the significance of Fines, Licenses and Permits receipts to the Fiduciary Fund Type, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Fiduciary Fund Type of the Village of Rutland, Meigs County, Ohio, for the years ended December 31, 2020 and 2019.

Basis for Qualification of Opinion on General Fund Fines, Licenses, and Permits Receipts on the Regulatory Basis of Accounting

General Fund Fines, Licenses, and Permits receipts were reported at \$11,519 and \$17,100 for the years ended December 31, 2020 and 2019, respectively, which was 20.2 percent and 30.7 percent of total General Fund cash receipts for the years ended December 31, 2020 and 2019, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Fines, Licenses, and Permits receipts in the General Fund. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

Qualification of Opinion on General Fund Fines, Licenses, and Permits Receipts on the Regulatory Basis of Accounting

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2020 and 2019 Fines, Licenses, and Permits receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund of the Village of Rutland, Meigs County, Ohio, as of December 31, 2020 and 2019, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 permit, described in Note 2.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Special Revenue funds of the Village of Rutland, Meigs County, Ohio, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 10, 2021

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Village of Rutland*Meigs County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$21,794	\$0	\$21,794
Intergovernmental	21,424	61,757	83,181
Charges for Services	0	5,461	5,461
Fines, Licenses and Permits	11,519	390	11,909
Earnings on Investments	2	15	17
Miscellaneous	2,361	1,026	3,387
<i>Total Cash Receipts</i>	<u>57,100</u>	<u>68,649</u>	<u>125,749</u>
Cash Disbursements			
Current:			
Security of Persons and Property	19,269	0	19,269
Leisure Time Activities	0	8,286	8,286
Transportation	0	8,679	8,679
General Government	21,645	23,463	45,108
<i>Total Cash Disbursements</i>	<u>40,914</u>	<u>40,428</u>	<u>81,342</u>
<i>Net Change in Fund Cash Balances</i>	16,186	28,221	44,407
<i>Fund Cash Balances, January 1</i>	<u>(44,395)</u>	<u>100,248</u>	<u>55,853</u>
Fund Cash Balances, December 31	<u><u>(\$28,209)</u></u>	<u><u>\$128,469</u></u>	<u><u>\$100,260</u></u>

See accompanying notes to the basic financial statements

Village of Rutland

Meigs County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2020

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
	<u>Mayor's Court</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$6,673</u>
<i>Total Additions</i>	<u>6,673</u>
Deductions	
Distributions to Other Governments	1,411
Distributions to Other Funds (Primary Gov't)	<u>5,889</u>
<i>Total Deductions</i>	<u>7,300</u>
<i>Net Change in Fund Balances</i>	(627)
<i>Fund Cash Balances, January 1</i>	<u>4,146</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,519</u></u>

See accompanying notes to the basic financial statements

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Rutland, Meigs County, Ohio (the Village), 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 street maintenance, park operations, and police services.

Public Entity Risk Pool

The Village participates in a Ohio Plan Risk Management, Inc. (OPRM) , 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 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 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 The Street Construction, Maintenance, and Repair 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.

Coronavirus Relief Fund This fund accounts for and reports for grant money related to Covid-19 and related expenditures.

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.

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds

Basis of Accounting

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D) 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 2020 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.

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Capital Assets

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village 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, at December 31, 2020, the Village's appropriations exceeded the amount certified as available by the budget commission in the General Fund by \$36,927, in the Civic Center Fund by \$4,765, and in the Coronavirus fund by \$36,755. Further, the Village's General Fund had a negative fund balance of \$28,209 at December 31, 2020. Currently, management is taking steps to reduce spending and has implemented a system of accounting that will facilitate in the monitoring of the Village's finances.

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,922	\$57,100	(\$10,822)
Special Revenue	13,800	68,649	54,849
Total	\$81,722	\$125,749	\$44,027

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,815	\$41,128	\$12,687
Special Revenue	99,572	40,540	59,032
Total	\$153,387	\$81,668	\$71,719

Note 5 – Deposits and Investments

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 and investments. A summary of the Village's deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand Deposits	\$98,267
Certificates of Deposit	5,512
Total Deposits	\$103,779

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, 2020, the village is holding \$326 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS).

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

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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.

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Workers' Compensation

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

Note 8 – Defined Benefit Pension Plan

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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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.

As of December 31, 2020, the Village owes Meigs County \$14,644 collected by the Village as a result of restitution collected on the 2012 audit findings for recovery against former fiscal officer, Laura Curtis and in favor of the Water and Sewer funds, equally. On April 1, 2013, subsequent to the issuance of the finding for recovery, the Village transferred the water and sewer operations to Meigs County.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

During 2020, the Village received CARES Act funding. Of the amounts received, \$1,400 was subgranted to the Rutland Volunteer Fire Department. These amounts are recorded in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 12 – 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
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Corpus	0	0	0
Outstanding Encumbrances	214	112	326
<i>Total</i>	\$214	\$112	\$326

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

Note 13 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. This change did not result in any restatement of beginning cash balances.

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Village of Rutland*Meigs County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$15,905	\$0	\$15,905
Intergovernmental	20,531	19,862	40,393
Charges for Services	0	5,400	5,400
Fines, Licenses and Permits	17,100	0	17,100
Earnings on Investments	105	0	105
Miscellaneous	1,556	2,620	4,176
<i>Total Cash Receipts</i>	<u>55,197</u>	<u>27,882</u>	<u>83,079</u>
Cash Disbursements			
Current:			
Security of Persons and Property	21,237	1,071	22,308
Leisure Time Activities	0	10,130	10,130
Transportation	0	2,066	2,066
General Government	22,322	43	22,365
<i>Total Cash Disbursements</i>	<u>43,559</u>	<u>13,310</u>	<u>56,869</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,638</u>	<u>14,572</u>	<u>26,210</u>
Special Item	511	0	511
<i>Net Change in Fund Cash Balances</i>	12,149	14,572	26,721
<i>Fund Cash Balances, January 1</i>	<u>(56,544)</u>	<u>85,676</u>	<u>29,132</u>
Fund Cash Balances, December 31			
Restricted	0	99,469	99,469
Committed	0	779	779
Unassigned	(44,395)	0	(44,395)
	<u>(\$44,395)</u>	<u>\$100,248</u>	<u>\$55,853</u>

See accompanying notes to the basic financial statements

Village of Rutland

Meigs County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2019

	<u>Agency</u>
Operating Cash Receipts	
Fines, License and Permits	<u>\$13,234</u>
<i>Total Operating Cash Receipts</i>	<u>13,234</u>
Operating Cash Disbursements	
Other	<u>13,504</u>
<i>Total Operating Cash Disbursements</i>	<u>13,504</u>
Net Change in Fund Cash Balances	(270)
Fund Cash Balance, January 1	<u>4,416</u>
Fund Cash Balance December 31	<u><u>\$4,146</u></u>

See accompanying notes to the financial statements

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Rutland, Meigs County, Ohio (the Village), 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 street maintenance, park operations, and police services.

Public Entity Risk Pool

The Village participates in Ohio Plan Risk Management, Inc. (OPRM), 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 the fiduciary fund type which are organized on a fund type basis.

Fund Accounting

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

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

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

James Vennari Park Fund This fund accounts for and reports donations and General Fund contributions for the construction and maintenance of the park.

Civic Center Fund This fund accounts for and reports the rental of the Civic Center and related expenditures.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds. Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for Mayor's Court fines and forfeitures.

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Fund Balance

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

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, the Township's expenditures exceeded appropriations in the Street Construction, Maintenance, and Repair Fund by \$84, the State Highway Fund by \$498, the Civic Center Fund by \$6,052, the James Vennari Park Fund by \$1,088, the Log Cabin fund by \$43, and the Law Enforcement Trust Fund by \$1,071 during 2019. Further, at December 31, 2019, appropriations exceeded the amount certified as available by the budget commission in the General Fund by \$35,697. Also, the Village's General Fund had a negative fund balance of \$44,395 at December 31, 2019. Currently, management is taking steps to reduce spending and has implemented a system of accounting that will facilitate in the monitoring of the Village's finances.

Note 4 – Budgetary Activity

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

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,743	\$55,708	(\$10,035)
Special Revenue	13,800	27,882	14,082
Total	\$79,543	\$83,590	\$4,047

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,445	\$50,879	\$2,566
Special Revenue	5,139	13,976	(8,837)
Total	\$58,584	\$64,855	(\$6,271)

Note 5 – Deposits and Investments

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 and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2019
<i>Cash Management Pool:</i>	
Demand Deposits	\$54,551
Certificates of Deposit	5,448
Total Deposits	\$59,999

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, 2019, the village is holding no unremitted employee payroll withholdings.

Deposits

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.

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

Workers' Compensation

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

Village of Rutland, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 8 – Defined Benefit Pension Plan

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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

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 2019.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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.

Additionally, as of December 31, 2019, the Village owes Meigs County \$15,081 collected by the Village as a result of restitution collected on the 2012 audit findings for recovery against former Fiscal Officer Laura Curtis and in favor of the Water and Sewer Funds, equally. On April 1, 2013, subsequent to the issuance of the finding for recovery, the Village transferred the water and sewer operations to Meigs County.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Rutland
Meigs County
P.O. Box 297
Rutland, Ohio 45775

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Rutland, Meigs County, Ohio (the Village) and have issued our report thereon dated November 10, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Village. We did not express an opinion on the Fiduciary Fund Type. We also qualified our opinion on Fines, Licenses and Permits in the General Fund.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2020-001, 2020-006, and 2020-009 through 2020-014 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2020-001 through 2020-008.

Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



November 10, 2021

VILLAGE OF RUTLAND
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001

Noncompliance and Material Weakness

Ohio Admin. Code 117-2-02(A) provides that, when designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

- The Village did not reconcile tickets to determine completeness until May 2020. Failure to properly maintain the accountability of all tickets could result in a misappropriation of funds without timely detection.
- The Village was not able to provide the physical ticket and case file for 13% and 26%, respectively of the 2020 and 2019 cases tested.

As such, we were unable to satisfy ourselves as to the completeness of Fines, Licenses and Permits receipts recorded in the General Fund in 2020 and 2019 and Fines, Licenses and Permits in the Fiduciary Fund Type in 2020 and 2019. We have modified the opinion in the Independent Auditor's Report accordingly. These receipts represent 20.2 percent and 30.7 percent, respectively, of receipts in the General Fund for the years ended December 31, 2020 and 2019 and 100 percent of receipts of the Fiduciary Fund Type for the years ended December 31, 2020 and 2019.

The Mayor should ensure all support is maintained for all cases handled by the court. Proper control should be maintained over issued and unissued tickets by the Police Chief or Mayor by ensuring:

- Unissued ticket books are stored in a secure location.
- Tickets are issued in sequential order.
- All tickets are accounted for before the next book is issued.
- Any discrepancies are investigated promptly.
- A periodic (perhaps yearly) inventory is taken to determine the status of the issued tickets.
- All parts of a voided ticket are retained and stored in sequence with the other tickets

Official's Response: The Village has correct this practice and has adopted a policy which requires police officers to handle tickets correctly.

FINDING NUMBER 2020-002

Noncompliance

Ohio Rev. Code § 9.38 provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

VILLAGE OF RUTLAND
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

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

Noncompliance - Ohio Rev. Code § 9.38 (Continued)

To date, the Village has not approved a policy to extend the time between collection and deposit beyond one business day. In Mayor's Court, 13 percent of the 2020 receipts and 37 percent of the 2019 receipts were not deposited with the Fiscal Officer or designated depository within the required number of business days after initial receipt of the monies. Delays of this nature resulting from deficiencies in internal control procedures could cause receipts to be lost, misplaced, or stolen without being detected in a timely manner.

The Village should draft, approve, and implement policies and procedures to help ensure timely depositing of public monies in accordance with Ohio Rev. Code § 9.38.

Official's Response: The Village Council will address this issue and adopt a collection/deposit policy at their next meeting on December 6, 2021.

FINDING NUMBER 2020-003

Noncompliance

Ohio Rev. Code § 733.40 requires that all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor's hands, or that are due to the mayor, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from who and for what purposes received, and when paid into the treasury.

During 2020 and 2019, the Village Mayor did not remit monies collected to the Village by the first Monday of the following month for five months in 2020 and ten months in 2019. The failure to properly remit monies collected through Mayor's Court can result in difficulty in determining what portion of fund balance held should be remitted to whom.

The Mayor should distribute fines collected by the Village's Mayor's Court to the Village by the first Monday of the following month.

Official's Response: The Village will adopt a policy requiring the Mayor and Court Clerk to distribute the Village share of court revenue by the 1st Monday of each month.

FINDING NUMBER 2020-004

Noncompliance

Ohio Rev. Code § 2949.091 requires the court, in which any person is convicted of or pleads guilty to any offense, to impose on the following sums as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender:

- Thirty dollars if the offense is a felony;
- Twenty dollars if the offense is a misdemeanor other than a traffic offense that is not a moving violation; or

VILLAGE OF RUTLAND
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

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

FINDING NUMBER 2020-004 (Continued)

Noncompliance- Ohio Rev. Code § 2949.091 (Continued)

- Ten dollars if the offense is a traffic offense that is not a moving violation, excluding parking violations.

All such moneys collected during the month shall be transmitted on or before the twentieth of the following month by the clerk of the courts to the Treasurer of State.

The Village did remit the amounts due to the State on or before the twentieth day in 2020 and 2019 as required. However, from previous years, the Village still held \$2,834, which should have been remitted to the state.

The Village should contact the State to pay past amounts due required for their portion of Mayor's Court fines and fees collected.

Official's Response: The Village will correct pay the past due amount to the state.

FINDING NUMBER 2020-005

Noncompliance

Ohio Rev. Code § 5705.10(I) provides that money paid into a fund must be used only for the purpose for which such fund has been established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The Village's General Fund had a negative fund balance of \$28,209 and \$44,385 at December 31, 2020 and 2019, respectively. Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure and control, such as the Management and/or Board's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

Official's Response: The Village is working to correct any negative fund balances.

FINDING NUMBER 2020-006

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total

VILLAGE OF RUTLAND
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

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

FINDING NUMBER 2020-006 (Continued)

Noncompliance and Material Weakness - Ohio Rev. Code § 5705.39 (Continued)

appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

At December 31, 2020, the Village's appropriations exceeded the amount certified as available by the budget commission in the General Fund by \$36,927, in the Civic Center Fund by \$4,765, and in the Coronavirus fund by \$36,755. At December 31, 2019, appropriations exceeded the amount certified as available by the budget commission in the General Fund by \$35,697.

The failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Council to reduce the appropriations.

Official's Response: The Village will follow the proper procedures to ensure appropriations do not exceed resources.

FINDING NUMBER 2020-007

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authority from making any expenditure of money unless it is appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's expenditures exceeded appropriations in the Street Construction, Maintenance, and Repair Fund by \$84, the State Highway Fund by \$498, the Civic Center Fund by \$6,052, the James Vennari Park Fund by \$1,088, the Log Cabin fund by \$43, and the Law Enforcement Trust Fund by \$1,071 during 2019.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Official's Response: The Fiscal Officer will deny payment requests that exceed appropriations in the future.

**VILLAGE OF RUTLAND
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-008

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the Fiscal Officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that Treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate – If the Fiscal Officer can certify both at the time the contract or order was made ("then"), and at the time the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Council can authorize the drawing of a warrant for the payment of the amount due. Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – The auditor or Fiscal Officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 80 percent of the transactions tested at year-end for 2019 were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. In addition, the Fiscal Officer utilized blanket certificates during 2020; however, the amounts of the blanket certificates were not established by ordinance or resolution of Council. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

VILLAGE OF RUTLAND
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

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

FINDING NUMBER 2020-008 (Continued)

Noncompliance- Ohio Rev. Code § 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

Official's Response: The Village will use 'then and now' certificates when appropriate and the Village will adopt a resolution governing the amounts permitted on BC's.

FINDING NUMBER 2020-009

Material Weakness- Mayor's Court Rates

On March 19, 2018, the Council approved an updated Fine, Bond, Fee Schedule that sets the various fines for violations identified. However, the new rates were not approved in the open minutes. On September 8, 2020, the Council approved an updated Schedule of Bonds, Fines and Fees in the minutes.

Mayors Court fines charged did not agree to the rates approved by the Council for 13% of tickets tested in 2020. Failure to use approved rates can cause violators to be charged more or less than is due to the Village. This can result in unforeseen liabilities to the Village as well as potential loss of income.

The Council should put policies and procedures in place to help ensure the correct amounts are charged in accordance with approved fee schedules.

Official's Response: The Village will adopt a policy to ensure that the correct amounts for court fines and costs are charge.

FINDING NUMBER 2020-010

Material Weakness- Financial Report and Bank Reconciliation Review

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

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

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

Monthly bank to book reconciliations were not reviewed for two months of 2019. In addition, for one month of 2019 no financial reports were reviewed.

**VILLAGE OF RUTLAND
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

FINDING NUMBER 2020-010 (Continued)

Material Weakness- Financial Report and Bank Reconciliation Review (Continued)

Failure to review the reconciliation monthly and financial reports 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 review of accurate monthly reconciliations and financial reports 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. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Official's Response: The Fiscal Officer now reconciles the bank statements each month and submits all financial reports to council at each monthly meeting.

FINDING NUMBER 2020-011

Material Weakness- Budgetary Amounts in the Accounting System

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The appropriation resolution establishes the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate establishes the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources was not properly posted to the accounting system.

At December 31, 2020, amounts posted in the accounting ledgers varied from official amounts as follows:

Fund	Appropriations Posted in the Accounting System	Appropriations Approved by Resolution	Variance
General Fund	\$47,421	\$46,495	(\$926)

**VILLAGE OF RUTLAND
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

FINDING NUMBER 2020-011 (Continued)

Material Weakness- Budgetary Amounts in the Accounting System (Continued)

<u>Fund</u>	<u>Estimated Receipts Posted in Accounting System</u>	<u>Estimated Receipts from the Official Certificate of Estimated Resources</u>	<u>Variance</u>
General Fund	\$46,495	\$67,922	\$21,427
Street Construction, Maintenance and Repair Fund	15,040	12,000	(3,040)
State Highway Fund	4,030	1,000	(3,030)
Civic Center Fund	6,500	800	(5,700)
Coronavirus Relief Fund	37,818	0	(37,818)

At December 31, 2019, amounts posted in the accounting ledgers varied from official amounts as follows:

<u>Fund</u>	<u>Appropriations Posted in the Accounting System</u>	<u>Appropriations Approved by Resolution</u>	<u>Variance</u>
General Fund	\$44,590	\$48,008	\$3,418
Civic Center Fund	5,895	570	(5,325)
James Vennari Park Fund	1,695	2,570	875

<u>Fund</u>	<u>Estimated Receipts Posted in Accounting System</u>	<u>Estimated Receipts from the Official Certificate of Estimated Resources</u>	<u>Variance</u>
General Fund	\$58,221	\$65,743	\$7,522
Street Construction, Maintenance and Repair Fund	18,041	12,000	(6,041)
State Highway Fund	3,586	1,000	(2,586)
Civic Center Fund	1,674	800	(874)
James Vennari Park Fund	150	0	(150)

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

VILLAGE OF RUTLAND
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

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

FINDING NUMBER 2020-011 (Continued)

Material Weakness- Budgetary Amounts in the Accounting System (Continued)

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Official's Response: The Village will post the correct amounts and monitor budget versus actual reports.

FINDING NUMBER 2020-012

Material Weakness- Civic Center Rental Agreements

The Village received rental income during 2020 and 2019 for the Civic Center building. Village procedure for Civic Center rentals includes drafting a renters' agreement and obtaining renters' signature on said rental agreement to help ensure proper rates are assessed. The agreement details the dates of the rental and related fees to be collected. Rates are to be approved by Village Council.

The Village rented out the Civic Center without having a signed, completed, or sufficiently detailed Civic Center rental agreements for a projected \$2,488 and \$2,270 in Charges for Services during 2020 and 2019, respectively. In 2019, the Village also maintained no calendar stating who rented the Civic Center on which day to provide additional support. During 2020, one instance was noted in which the entire rental fee of \$175 was refunded (\$75 refundable deposit fee + \$100 personal event fee) despite no formal policy approved to deal with refunds nor terms dealing with personal event refunds described in the rental agreement itself. Additionally, Council consistently charged, but had not formally approved, the rate of \$20 charged to rent the Civic Center for athletic practices.

This could lead to the Village overbooking the facility as well as discrepancies in rates charged.

The Fiscal Officer and Mayor should maintain a signed Civic Center Agreement for all Civic Center rentals in sufficient detail to document the proper amount was charged. In addition, the Village should update the Civic Center rental agreement to clearly state the terms of the agreement including those relating to refunds and reimbursements. Finally, the Council should formally approve all rates including those for athletic practices.

Official's Response: The Village will maintain a civic center rental calendar and rental policies and rates.

FINDING NUMBER 2020-013

Material Weakness- Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**VILLAGE OF RUTLAND
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-013 (Continued)

Material Weakness- Financial Reporting (Continued)

The Fiscal Officer classified certain transactions incorrectly resulting in material audit adjustments.

During 2020:

- The Fiscal Officer did not accurately maintain Mayor's Court activity resulting in adjustments to increase to Fines, License, and Permits by \$1,582 and a decrease in Miscellaneous receipts of \$8,891 in the General Fund. This also resulted in an increase in Fines, Licenses and Permits for Distribution of \$4,688, an increase in Distributions to Other Funds (Primary Gov't) of \$5,890, and a decrease in Distributions to Other Governments of \$10,093.
- The Fiscal Officer did not accurately maintain Law Enforcement Trust Fund activity resulting in an adjustment to decrease Miscellaneous receipts in the General Fund and decrease Security of Persons and Property in the Law Enforcement Trust Fund by \$3,326, respectively.

During 2019:

- Various receipts were misclassified and a portion of receipts were posted at net instead of gross resulting in:
 - General Fund - an increase in Property and Other Local Taxes of \$2,249, an increase to Miscellaneous receipts of \$183, an increase in General Government of \$387, and a decrease in Intergovernmental receipts of \$2,045.
 - In Special Revenue Funds:
 - State Highway Fund – a decrease in Intergovernmental receipts of \$2,627.
 - Street Construction, Maintenance, and Repair Fund- an increase in Intergovernmental receipts of \$2,627.
 - Civic Center Fund- an increase in Miscellaneous receipts and decrease in Charges for Services of \$1,200, respectively.
- The Fiscal Officer did not accurately maintain Mayor's Court activity resulting in adjustments to increase to Fines, License, and Permits by \$6,173 in the General Fund. This also resulted in an increase in Fines, Licenses and Permits of \$184 and an increase in Other disbursements of \$6,357.
- Certain fund balances were not classified in accordance with GASB 54 and Auditor of State Bulletin 2011-004 resulting in the fund balance of the Civic Center Fund, \$568, and the Log Cabin Fund, \$111, being reclassified from Restricted to Committed.
- The Fiscal Officer did not accurately maintain Law Enforcement Trust Fund activity resulting in an adjustment to increase Miscellaneous receipts by \$1,293 and increase Security of Persons and Property by \$1,071 in the Law Enforcement Trust Fund.

These misstatements were caused by confusion over proper classifications. In addition, adjustments were posted to the footnote disclosures of the Village for 2020 and 2019. As a result, reclassifications/adjustments, with which the Village's management agrees, were made to the financial statements. These reclassifications/adjustments are reflected in the accompanying financial statements and footnotes.

The Fiscal Officer should review the audit adjustments for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the financial statements reflect the appropriate classifications.

VILLAGE OF RUTLAND
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

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

FINDING NUMBER 2020-013
(Continued)

Material Weakness- Financial Reporting (Continued)

Official's Response: The Fiscal Officer will post transactions correctly.

FINDING NUMBER 2020-014

Material Weakness- Timesheet Approvals

Timesheets should be approved by an employee's supervisor who would have direct knowledge of hours worked. Timesheets were completed and signed by the Village employee; however, not all timesheets were approved by a supervisor in 2019 and 2020. Failure to require adequate approvals of timesheets could result in unauthorized or incorrect hours charged relating to payroll.

To prevent errors in compensation, time sheets should be reviewed and approved by Council or a supervisor with knowledge of the hours worked by the employee.

Official's Response: The Village has adopted a policy that requires supervisor approval of timesheets.

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**VILLAGE OF RUTLAND
MEIGS, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Noncompliance Ohio Rev. Code § 9.38 for failing to make timely deposits of Mayor's Court receipts.	Not Corrected	The Village will adopt a policy governing timely deposit of receipts.
2018-002	Noncompliance with Ohio Rev. Code § 733.40 for failing to timely remit Mayor's Court receipts to the Village.	Not Corrected	The Village will adopt a policy governing remittance of Mayor's Court receipts to the Village.
2018-003	Noncompliance with Ohio Rev. Code § 1905.21 and Ohio Admin. Code § 117-2-02(A) and Material Weakness for a lack of controls over completeness as a basis for opinion modification in Fines, License, and Permits in Both Mayor's Court and General Fund.	Partially Corrected	The Village will continue efforts to correct this.
2018-004	Noncompliance with Ohio Rev. Code § 2949.091 for failing to timely remit the State portion of Mayor's Court receipts to the State.	Not Corrected	The Village will adopt a policy governing timely remittance of court costs to the state.
2018-005	Noncompliance with Ohio Rev. Code § 5705.10(I) for negative fund balance in the General Fund.	Not Corrected	The Village is working to correct a negative General Fund balance.
2018-006	Noncompliance with Ohio Rev. Code § 5705.36(A)(1) for failing to obtain a certificate of estimated resources in 2017.	Fully Corrected	N/A
2018-007	Noncompliance with Ohio Rev. Code § 5705.39 and Material Weakness for appropriations exceeding estimated resources.	Not Corrected	The Village will monitor budget vs actual reports to prevent this error.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

Finding Number	Finding Summary	Status	Additional Information
2018-008	Noncompliance with Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Not Corrected	The Village will monitor budget vs actual reports to prevent this error.
2018-009	Noncompliance with Ohio Rev. Code § 5705.41(D)(1) for failing to complete purchase orders.	Not Corrected	The Fiscal Officer will prepare the correct PO's, BC's and/or 'Then & Now' certificates.
2018-010	A material weakness was issued for inadequate segregation of duties.	Not Corrected	The Village will correct this.
2018-011	A material weakness was issued for budgetary amounts in the accounting system varying from formally approved amounts.	Not Corrected	The Village will monitor budget vs actual reports to prevent this error.
2018-012	A material weakness was issued for material misposting/misclassification on the annual financial report.	Not Corrected	The Village has corrected this error.
2018-013	A material weakness was issued for Mayor's Court rates not agreeing to formally approved schedule.	Not Corrected	The Village will make sure that all court fines/costs conform to the adopted fine/costs schedule.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF RUTLAND

MEIGS 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 12/9/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov