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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF RAYLAND*

*JEFFERSON COUNTY*

*REGULAR AUDIT*

*A&A*

For the Year Ended

December 31, 2021

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Village Council  
Village of Rayland  
P.O. Box 188  
Rayland, Ohio 43943

We have reviewed the *Independent Auditor's Report* of the Village of Rayland, Jefferson County, prepared by Alger & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Rayland is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 03, 2022

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VILLAGE OF RAYLAND  
JEFFERSON COUNTY

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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## INDEPENDENT AUDITOR'S REPORT

Village of Rayland  
Jefferson County  
P.O. Box 445  
Mount Pleasant, Ohio 43939

To the Members of Council and the Mayor:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Rayland, Jefferson County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021, 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 as of and for the year ended December 31, 2021, 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, 2021, or the changes in financial position thereof for the year 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.

***Emphasis of Matter***

As discussed in Note 12 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.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.




- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 April 23, 2022, 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.

**Karen S  
Alger, CPA**



Digitally signed by Karen S  
Alger, CPA  
DN: cn=Karen S Alger, CPA,  
o=Alger & Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
Date: 2022.05.24 10:34:14 -04'00'

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

April 23, 2022

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**Village of Rayland, Ohio**  
*Jefferson County*  
**Combined Statement of Receipts, Disbursements and Changes in Fund  
Balances - (Regulatory Cash Basis) All Governmental Fund Types**  
For the Year Ended December 31, 2021

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$21,039	\$2,231	\$23,270
Intergovernmental	21,188	258,070	279,258
Charges for Services	3,197		3,197
Fines, Licenses and Permits	2,490	18	2,508
Miscellaneous	615		615
<i>Total Cash Receipts</i>	<u>48,529</u>	<u>260,319</u>	<u>308,848</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	6,163		6,163
Public Health Services	945		945
Leisure Time Activities	16,793		16,793
Transportation		238,243	238,243
General Government	46,258	193	46,451
Capital Outlay	7,981	34,985	42,966
<i>Total Cash Disbursements</i>	<u>78,140</u>	<u>273,421</u>	<u>351,561</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,611)</u>	<u>(13,102)</u>	<u>(42,713)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Assets	500	250	750
<i>Total Other Financing Receipts (Disbursements)</i>	<u>500</u>	<u>250</u>	<u>750</u>
<i>Net Change in Fund Cash Balances</i>	(29,111)	(12,852)	(41,963)
<i>Fund Cash Balances , January 1</i>	<u>58,427</u>	<u>44,822</u>	<u>103,249</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$29,316</u></u>	<u><u>\$31,970</u></u>	<u><u>\$61,286</u></u>

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

**Village of Rayland, Ohio**  
*Jefferson County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balance (Regulatory Cash Basis)**  
*Proprietary Fund Type*  
**For the Year Ended December 31, 2021**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$109,503
Fines, Licenses and Permits	54
	109,557
<i>Total Operating Cash Receipts</i>	<u>109,557</u>
<b>Operating Cash Disbursements</b>	
Personal Services	12,735
Employee Fringe Benefits	1,944
Contractual Services	79,492
Supplies and Materials	228
Other	450
	94,849
<i>Total Operating Cash Disbursements</i>	<u>94,849</u>
<i>Operating Income (Loss)</i>	<u>14,708</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Sale of Fixed Assets	250
Capital Outlay	(2,981)
Principal Retirement	(18,306)
Interest and Other Fiscal Charges	(4,088)
	(25,125)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(25,125)</u>
<i>Net Change in Fund Cash Balances</i>	(10,417)
<i>Fund Cash Balances, January 1</i>	58,435
<i>Fund Cash Balances, December 31</i>	\$48,018

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

**VILLAGE OF RAYLAND, Ohio**  
**Jefferson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Raylan, Jefferson 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 water, sewer, sanitation, and street light utilities, park operations, and police services. The Village contracts with the Rayland Volunteer Fire Department to receive fire protection services.

The Village participates in the Ohio Municipal Joint Self-Insurance Pool public entity risk pool, a risk-sharing pool available to Ohio local Villages. The Pool provides property, liability, and casualty coverage for its members. 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 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.

***Permissive Motor Vehicle License Tax*** This fund receives locally levied permissive tax money for constructing, maintaining, and repairing Village streets.

***Coronavirus Relief Fund*** – This fund is used to account for the money issued to the Village from the CARES Act for expenses and expenditures arising from the COVID 19 pandemic.

**VILLAGE OF RAYLAND, Ohio**  
**Jefferson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***F.E.M.A. Funds*** – The Federal Emergency Management Agency, in response to two separate weather-related disasters, issued money to the Village to aid in mitigating and/or evaluating damages from those disasters. In accordance with best practices, two separate F.E.M.A. funds were established – one for each incident.

***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*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Sanitation Fund*** The sanitation fund accounts for the provision of garbage collection services to the residents and commercial users within the Village.

***Street Lighting Fund*** The fund accounts for the charges for services from residents to cover street lighting cost within the Village.

***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

The Ohio Revised Code requires that each fund 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.

**VILLAGE OF RAYLAND, Ohio**  
**Jefferson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies** *(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 2021 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:

**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.

**VILLAGE OF RAYLAND, Ohio**  
**Jefferson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

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 11.

**Note 3 – Compliance**

Contrary to Ohio law, the Village did not file their permanent appropriations with the County Auditor resulting in all budgetary expenditures to exceed appropriations authority in all funds.

Contrary to Ohio law, the Village did not file timely their Official Certificate of Estimated Resources with the County Auditor.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,351	\$49,029	\$3,678
Special Revenue	26,800	260,569	233,769
Enterprise	125,000	109,807	(15,193)
Total	\$197,151	\$419,405	\$222,254

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$78,869	(\$78,869)
Special Revenue	0	273,605	(273,605)
Enterprise	0	120,476	(120,476)
Total	\$0	\$472,950	(\$472,950)



**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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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 and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

	<u>2021</u>
Demand deposits	<u>\$109,304</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, 2021, the Village is holding \$2,020 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation or 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 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.

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**

***Risk Pool Membership***

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

**VILLAGE OF RAYLAND, Ohio**  
**Jefferson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 – Risk Management** *(continued)*

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2020, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2020. *(most current information)*

Assets	\$ 940,409
Liabilities	<u>( 359,749)</u>
Accumulated Surplus	\$ 580,660

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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, 2021.

**Note 9 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #4635	\$20,586	3.82%
Ohio Water Development Authority Loan #5286	\$117,795	0.00%
Ohio Water Development Authority Loan #6931	\$114,139	2.74%
Ohio Public Works Commission Loan CT48/49R	79,440	0.00%
Total	\$331,960	

The Ohio Water Development Authority (OWDA) loan #4635 relates to the Tiltonsville waste water treatment plant improvements project approved in 2007. The Village will repay the loan in semiannual installments of \$2,281, including interest, over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5286 relates to a water main replacement project approved in 2009. The Village will repay the loan in semiannual installments of \$3,272 over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6931 relates to a sewer pump station and sewer line replacement project approved in 2014 and completed in 2016. The Village will repay the loan in semi-annual installments that total \$3,260.52 per year over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan CT48/49R also relates to the aforementioned sewer pump station and sewer line replacement project approved in 2014 and completed in 2016. The Village will repay the loan in semi-annual installments of \$1,589 over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

***Amortization***

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

Year Ending	OWDA Loan	OWDA Loan	OWDA Loan	OPWC Loan
December 31:	#4635	#5286	#6931	CT48/49R
2021	\$4,562	\$6,544	\$6,521	\$3,178
2022	4,562	6,544	6,521	3,178
2023	4,562	6,544	6,521	3,178
2024	4,562	6,544	6,521	3,178
2025	4,562	6,544	6,521	3,178
2026-2030		32,721	32,605	15,888
2031-2035		32,721	32,605	15,888
2036-2040		19,633	32,605	15,888
2041-2045			26,084	15,886
Total	\$22,810	\$117,795	\$156,504	\$79,440

**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 11 – 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:



***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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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 Rayland  
Jefferson County  
P.O. Box 445  
Mount Pleasant, Ohio 43939

To the Members of Council and the Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Village of Rayland, Jefferson County, (the Village) and have issued our report thereon dated April 23, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. Furthermore, we noted as described in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001 and 2021-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as items 2021-003 to be a significant deficiency.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2020-001 and 2020-002.

### ***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.

**Karen S  
Alger, CPA**  
Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

Digitally signed by Karen S Alger,  
CPA  
DN: cn=Karen S Alger, CPA,  
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Date: 2022.05.24 10:33:52 -04'00'

April 23, 2022

VILLAGE OF RAYLAND, Ohio  
*Jefferson County*

SCHEDULE OF FINDINGS  
December 31, 2021

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

FINDING NUMBER 2021-001

**Material Noncompliance/Material Weakness - Annual Appropriation Measure and Appropriations Limited by Estimated Resources**

**Ohio Rev. Code § 5705.41 (B)** prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated. **Ohio Rev. Code § 5705.39** provides in part that total appropriations from each fund shall not exceed the total 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 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 “estimate resources” because it includes unencumbered fund balances.

During 2021 the Village did file a copy of their appropriation resolution/ordinance. However, that appropriation resolution/ordinance was adopted before anything was filed to allow for the completion of an amended certificate of estimated resources. The Village did not file an official certificate of estimated resources prior to the adoption of the permanent appropriations. Consequently, the Certificate that was issued states that the County Auditor was unable to make a certification.

We recommend the Village implement procedures to assure the required resolutions/ordinance are timely and properly filed with the County Auditor. We recommend Council and the Fiscal Officer not make any expenditures until appropriations are adopted and filed.

FINDING NUMBER 2021-002

**Material Noncompliance/Material Weakness – Amended Official Certificate of Estimated Resources**

**Ohio Rev. Code §5705.36(A)(1)** states that on or about the first day of each fiscal year, the fiscal officer of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. This form includes the actual fund balances at December 31st and any revisions to estimated revenue.

During 2021, the Village did not file timely their Official Certificate of Estimated Resources as part of their budget (June/July of prior year) to the County Auditor. The Village adopted the permanent appropriations in December for the following year. The Village did subsequently file the certificate of all sources available for expenditures and unencumbered balances. That was used to complete an amended certificate. However, this was well after they had adopted permanent appropriations and therefore the Certificate that was issued states that the County Auditor was unable to make a certification.

**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*

**SCHEDULE OF FINDINGS**  
**December 31, 2021**

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

**Material Noncompliance/Material Weakness – Amended Official Certificate of Estimated Resources**  
*(continued)*

The Fiscal Officer should on or about the first day of each fiscal year, certify to the County Auditor the total amount from all sources and unencumbered balances available for expenditures from each fund and obtain the approved amended certificate of estimated resources. In addition, the Fiscal Officer should periodically compare amounts recorded in the Receipt Ledger to amounts recorded on the Amended Official Certificate of Estimated Resources to assure estimated receipts are reasonable to the amount of actual receipts and appropriations are not in excess of either estimated resources or actual resources. The Fiscal Officer should monitor the estimated resources compare to actual resources and obtain an amended certificate of estimated resources before any appropriations be approved.

**FINDING NUMBER 2021-003**

**Significant Deficiency – 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.

The Village had incorrectly spent Coronavirus Relief Fund monies in 2021 on two items that did not meet the allowable costs requirements; however, there were other expenditures that qualified as allowable item that had not been charged to the grant and were used replaced the unallowable expenditures with the allowable ones.

These errors were not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Neither the accompanying financial statements nor the notes had to be adjusted due to these errors. Failing to prepare accurate financial statements could lead the Village or financial statement user to make misinformed decisions.

To help ensure the Village financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and the Village Council, to help identify and correct errors and omissions.



**Village of Rayland, Ohio  
Jefferson County**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2021**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2020-001	<b>Non-compliance/Material Weakness</b> Ohio Rev. Code §5705.41(B) and Ohio Rev. Code §5705.39 annual Appropriation Measure and Appropriations Limited by Estimated Resources.	No	Not Corrected Repeated as 2021-001
2020-002	<b>Non-compliance/Material Weakness:</b> Ohio Rev. Code §5705.36(A)(1) Amended Official Certificate.	No	Not Corrected Repeated as 2021-002

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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF RAYLAND*

*JEFFERSON COUNTY*

*REGULAR AUDIT*

*A&A*

For the Year Ended

December 31, 2020

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574



VILLAGE OF RAYLAND  
JEFFERSON COUNTY

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**ALGER & ASSOCIATES, Inc.**

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

Village of Rayland  
Jefferson County  
P.O. Box 188  
Rayland, OH 43943

To the Members of Council and the Mayor:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020, and the related notes of the Village of Rayland, Jefferson 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type, as of and for the year then ended December 31, 2020, and related notes of the Village of Rayland, Jefferson County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

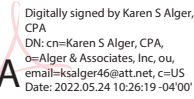
As discussed in Note 13 to the financial statements, the Village made changes to its reporting model. We did not modify our opinion regarding this matter.

As discussed in Note 14 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 April 23, 2022, 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.

Karen S  
Alger, CPA



Digitally signed by Karen S Alger,  
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Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

April 23, 2022



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**Village of Rayland, Ohio**  
*Jefferson 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

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$21,568	\$1,972	\$23,540
Intergovernmental	24,138	56,523	80,661
Charges for Services	2,879		2,879
Fines, Licenses and Permits	2,432	20	2,452
Miscellaneous	75,783		75,783
<i>Total Cash Receipts</i>	<u>126,800</u>	<u>58,515</u>	<u>185,315</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	8,975		8,975
Public Health Services	948		948
Leisure Time Activities	42,601	2,513	45,114
Transportation		35,977	35,977
General Government	54,545	3,549	58,094
Capital Outlay		24,188	24,188
<i>Total Cash Disbursements</i>	<u>107,069</u>	<u>66,227</u>	<u>173,296</u>
<i>Net Change in Fund Cash Balances</i>	<u>19,731</u>	<u>(7,712)</u>	<u>12,019</u>
<i>Fund Cash Balances , January 1</i> <i>Restated (see Note 3)</i>	<u>38,696</u>	<u>52,534</u>	<u>91,230</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$58,427</u></u>	<u><u>\$44,822</u></u>	<u><u>\$103,249</u></u>

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

**Village of Rayland, Ohio**  
*Jefferson County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balance (Regulatory Cash Basis)**  
*Proprietary Fund Type*  
**For the Year Ended December 31, 2020**

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	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$123,818
Fines, Licenses and Permits	60
<i>Total Operating Cash Receipts</i>	<i>123,878</i>
<b>Operating Cash Disbursements</b>	
Personal Services	10,654
Employee Fringe Benefits	1,652
Contractual Services	78,495
Supplies and Materials	686
Other	5,498
<i>Total Operating Cash Disbursements</i>	<i>96,985</i>
<i>Operating Income (Loss)</i>	<i>26,893</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Principal Retirement	(14,902)
Interest and Other Fiscal Charges	(4,314)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<i>(19,216)</i>
<i>Net Change in Fund Cash Balances</i>	<i>7,677</i>
<i>Fund Cash Balances , January 1</i> <i>Restated (see Note 3)</i>	<i>50,758</i>
<i>Fund Cash Balances, December 31</i>	<i>\$58,435</i>

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

**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Raylan, Jefferson 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 water, sewer, sanitation, and street light utilities, park operations, and police services. The Village contracts with the Rayland Volunteer Fire Department to receive fire protection services.

The Village participates in the Ohio Municipal Joint Self-Insurance Pool public entity risk pool, a risk-sharing pool available to Ohio local Villages. The Pool provides property, liability, and casualty coverage for its members. Note 8 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 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.

***Permissive Motor Vehicle License Tax*** This fund receives locally levied permissive tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF RAYLAND, Ohio**  
**Jefferson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

**Coronavirus Relief Fund** – This fund is used to account for the money issued to the Village from the CARES Act for expenses and expenditures arising from the COVID 19 pandemic.

**F.E.M.A. Funds** – The Federal Emergency Management Agency, in response to two separate weather-related disasters, issued money to the Village to aid in mitigating and/or evaluating damages from those disasters. In accordance with best practices, two separate F.E.M.A. funds were established – one for each incident.

**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** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Sanitation Fund** The sanitation fund accounts for the provision of garbage collection services to the residents and commercial users within the Village.

**Street Lighting Fund** The fund accounts for the charges for services from residents to cover street lighting cost within the Village.

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund 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.

**VILLAGE OF RAYLAND, Ohio**  
**Jefferson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

**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 5.

**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:

**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 RAYLAND, Ohio**  
**Jefferson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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 12.

**Note 3 – Prior Period Adjustment**

During 2020, the Village void uncashed warrants and warrants that were issued over a year old. The fund balance adjustments had the following effect:

	General	Special Revenue	Enterprise	Total
Fund Cash Balance December 31, 2020	\$ 38,492	\$ 52,488	\$ 49,859	\$ 140,839
Voided Prior Year Warrants	204	46	899	1,149
Adjusted Fund Cash Balance December 31, 2020	\$ 38,696	\$ 52,534	\$ 50,758	\$ 141,988

**Note 4 – Compliance**

Contrary to Ohio law, the Village did not file their permanent appropriations with the County Auditor resulting in all budgetary expenditures to exceed appropriations authority in all funds.

Contrary to Ohio law, the Village did not file amended certificate of estimated resources with the County Auditor for their new COVID-19 grant received.

**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 5 – 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	\$50,360	\$126,800	\$76,440
Special Revenue	66,605	58,515	(8,090)
Enterprise	163,550	123,878	(39,672)
Total	\$280,515	\$309,193	\$28,678

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$108,061	(\$108,061)
Special Revenue	0	66,340	(66,340)
Enterprise	0	116,422	(116,422)
Total	\$0	\$290,823	(\$290,823)

**Note 6 – 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
Demand deposits	\$161,684

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 \$2,270 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.



**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 – 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.

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

**Note 8 – Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2020, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2020.

Assets	\$ 940,409
Liabilities	( 359,749)
Accumulated Surplus	\$ 580,660

**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 9 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement 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 10 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 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 11 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #4635	\$24,257	3.82%
Ohio Water Development Authority Loan #5286	\$124,339	0.00%
Ohio Water Development Authority Loan #6931	(a) \$117,464	2.74%
Ohio Public Works Commission Loan CT48/49R	84,206	0.00%
Total	\$350,266	

*(a) reduction of \$760 for OWDA adjustment*

The Ohio Water Development Authority (OWDA) loan #4635 relates to the Tiltonsville waste water treatment plant improvements project approved in 2007. The Village will repay the loan in semiannual installments of \$2,281, including interest, over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5286 relates to a water main replacement project approved in 2009. The Village will repay the loan in semiannual installments of \$3,272 over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 11 – Debt** *(continued)*

The Ohio Water Development Authority (OWDA) loan #6931 relates to a sewer pump station and sewer line replacement project approved in 2014 and completed in 2016. The Village will repay the loan in semi-annual installments that total \$3,260.52 per year over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan CT48/49R also relates to the aforementioned sewer pump station and sewer line replacement project approved in 2014 and completed in 2016. The Village will repay the loan in semi-annual installments of \$1,589 over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**Amortization**

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

Year Ending December 31:	OWDA Loan #4635	OWDA Loan #5286	OWDA Loan #6931	OPWC Loan CT48/49R
2021	\$4,562	\$6,544	\$6,521	\$3,178
2022	4,562	6,544	6,521	3,178
2023	4,562	6,544	6,521	3,178
2024	4,562	6,544	6,521	3,178
2025	4,562	6,544	6,521	3,178
2026-2030	4,562	32,721	32,605	15,888
2031-2035		32,721	32,605	15,888
2036-2040		26,177	32,605	15,888
2041-2045			32,605	15,888
2046				4,764
Total	<u>\$27,372</u>	<u>\$124,339</u>	<u>\$163,025</u>	<u>\$84,206</u>

**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
Outstanding Encumbrance	992	113	1,105
<i>Total</i>	<u>\$992</u>	<u>\$113</u>	<u>\$1,105</u>

**VILLAGE OF RAYLAND, Ohio**  
**Jefferson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Fund Balances** *(continued)*

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned 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 removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 14 – 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. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. (customize as needed) 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.

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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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 Rayland  
Jefferson County  
P.O. Box 445  
Mount Pleasant, Ohio 43939

To the Members of Council and the Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and the related notes to the financial statements of the Village of Rayland, Jefferson County, Ohio, (the Village) and have issued our report thereon dated April 23, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. In addition, as described in Note 13 to the financial statements, the Village made changes to its reporting model. Furthermore, we noted as described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

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

*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 and 2020-002 to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2020-001 and 2020-002.

***Purpose of this Report***

This 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.

 Digitally signed by Karen S Alger,  
CPA  
DN: cn=Karen S Alger, CPA,  
o=Alger & Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
Date: 2022.05.24 10:26:33 -04'00'

**Alger & Associates, Inc.**  
Certified Public Accountants  
North Canton, Ohio

April 23, 2022

**VILLAGE OF RAYLAND, Ohio**  
*Jefferson County*

**SCHEDULE OF FINDINGS**  
**December 31, 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b> <b>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Noncompliance/Material Weakness - Annual Appropriation Measure and Appropriations Limited by Estimated Resources**

**Ohio Rev. Code § 5705.41 (B)** prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated. **Ohio Rev. Code § 5705.39** provides in part that total appropriations from each fund shall not exceed the total 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 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 “estimate resources” because it includes unencumbered fund balances.

During 2020, the Village did not file their permanent appropriations with the County Auditor causing budgetary expenditures to exceed appropriations authority in all funds.

We recommend the Village implement procedures to assure the required resolutions/ordinance are timely and properly filed with the County Auditor. We recommend Council and the Fiscal Officer not make any expenditures until appropriations are adopted and filed.

**FINDING NUMBER 2020-002**

**Material Noncompliance/Material Weakness – Amended Official Certificate of Estimated Resources**

**Ohio Rev. Code §5705.36(A)(1)** states that on or about the first day of each fiscal year, the fiscal officer of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. This form includes the actual fund balances at December 31st and any revisions to estimated revenue.

During 2020, the Fiscal Officer did not certify with the County Auditor their COVID-19 funding received. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The Fiscal Officer should on or about the first day of each fiscal year, certify to the County Auditor the total amount from all sources and unencumbered balances available for expenditures from each fund and obtain the approved amended certificate of estimated resources. In addition, the Fiscal Officer should periodically compare amounts recorded in the Receipt Ledger to amounts recorded on the Amended Official Certificate of Estimated Resources to assure estimated receipts are reasonable to the amount of actual receipts and appropriations are not in excess of either estimated resources or actual resources. The Fiscal Officer should monitor the estimated resources compare to actual resources and obtain an amended certificate of estimated resources before any appropriations be approved.



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**Village of Rayland, Ohio  
Jefferson County**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2020**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2019-001	<b>Non-compliance/Material Weakness</b> Ohio Rev. Code §5705.41(B) Expenditure exceeding appropriations.	No	Not Corrected Repeated as 2020-001
2019-002	<b>Non-compliance/Material Weakness:</b> Ohio Rev. Code §5705.39 Appropriations Limited by Estimated Resources.	No	Not Corrected Repeated as 2020-001
2019-003	<b>Non-compliance/Material Weakness:</b> Ohio Rev. Code §5705.36(A)(1) Amended Official Certificate.	No	Not Corrected Repeated as 2020-002
2019-004	<b>Non-compliance/Material Weakness:</b> Ohio Rev. Code §5705.41(D) Fiscal Officer failed to certify the expenditures prior to incurring the obligation.	Partially Corrected	Partially Corrected refer to management letter
2019-005	<b>Material Weakness:</b> Accurate Posting of Transactions Control Fund Balance and Fund Type Classification GASB No 54.	Partially Corrected	Partially Corrected refer to management letter

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF RAYLAND**

**JEFFERSON 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 6/16/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)