



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF RUTLAND  
MEIGS COUNTY  
DECEMBER 31, 2022 AND 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

## Report on the Financial Statements, Internal Control, and Compliance

Village of Rutland  
Meigs County  
337 Main Street, Suite 106  
Rutland, Ohio 45775

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Rutland, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2022 and 2021. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

### ***Fiscal Emergency***

As discussed in Note 12 to the financial statements, the Village has suffered recurring losses from operations and has a deficiency in the General Fund. Note 12 describes management's evaluation of the events and conditions and their plans to mitigate these matters.

### ***Internal Control Over Financial Reporting***

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2022-011 through 2022-017 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2022-001 through 2022-010.

***Village's Response to Findings***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

July 3, 2024

**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, 2022*

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	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$35,674	\$0	\$35,674
Intergovernmental	25,276	47,549	72,825
Charges for Services	0	7,978	7,978
Fines, Licenses and Permits	20,510	1,181	21,691
Earnings on Investments	14	11	25
Miscellaneous	427	9,743	10,170
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	81,901	66,462	148,363
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	14,278	1,306	15,584
Leisure Time Activities	0	18,000	18,000
Transportation	0	17,415	17,415
General Government	27,538	0	27,538
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	41,816	36,721	78,537
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	40,085	29,741	69,826
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	(65,223)	164,015	98,792
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	(\$25,138)	\$193,756	\$168,618
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*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)*

*All Fiduciary Fund Types*

*For the Year Ended December 31, 2022*

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	Fiduciary Fund Types
	Custodial
	Other Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$25,087
<i>Total Additions</i>	<u>25,087</u>
<b>Deductions</b>	
Distributions to Other Governments	2,945
Distributions to Other Funds (Primary Gov't)	17,460
<i>Total Deductions</i>	<u>20,405</u>
<i>Net Change in Fund Balances</i>	4,682
<i>Fund Cash Balances, January 1</i>	<u>3,820</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$8,502</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, 2022*

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**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, Civic Center operation, 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 6 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.

***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, 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, 2022*  
*(Continued)*

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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 (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 § 117.38 and Ohio Administrative Code 117-2-03 (C) permit.

***Budgetary Process***

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

**Village of Rutland, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**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 11.

**Note 3 – Budgetary Activity**

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

Fund Type	2022 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$59,370	\$81,901	\$22,531
Special Revenue	46,928	66,462	19,534
Total	\$106,298	\$148,363	\$42,065

**Village of Rutland, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,829	\$41,989	\$15,840
Special Revenue	118,996	38,487	80,509
Total	\$176,825	\$80,476	\$96,349

**Note 4 – 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:

	2022
<b><i>Cash Management Pool:</i></b>	
Demand Deposits	\$171,666
Certificates of Deposit	5,454
Total Deposits	\$177,120

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$105 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Taxes**

***Property Taxes***

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

**Village of Rutland, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 6 – 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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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.

**Note 7 – 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, 2022.

**Village of Rutland, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 8 – Postemployment Benefits**

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

**Note 9 – 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, 2022, 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 10 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**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:

**Village of Rutland, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Corpus	0	0	0
Outstanding Encumbrances	173	1,766	1,939
<i>Total</i>	\$173	\$1,766	\$1,939

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 12 – Fiscal Emergency**

On March 29, 2022, as provided by Sections 118.021 and 118.04(A) of the Ohio Revised Code and initiated by the Auditor of State, the Village was placed into fiscal emergency. At the 2020 census, the Village of Rutland’s population was 427. For a village or township with a population of less than 1,000, the Auditor of State serves as the financial supervisor and has all the powers and responsibilities of a financial planning and supervision commission. As such, the Auditor of State’s office is helping develop a financial recovery plan for the Village and is monitoring its execution. The Village approved a recovery plan on July 18, 2022. That plan mainly includes measures to forfeit salaries and benefits of elected officials, reduce expenditures of the Police Department, utilize the Law Enforcement Trust Fund, make energy conversation adjustments, and institute a local income tax.

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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, 2021*

	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$24,539	\$0	\$24,539
Intergovernmental	22,982	46,687	69,669
Charges for Services	0	2,831	2,831
Fines, Licenses and Permits	11,933	470	12,403
Earnings on Investments	0	20	20
Miscellaneous	3,998	28,176	32,174
<i>Total Cash Receipts</i>	<u>63,452</u>	<u>78,184</u>	<u>141,636</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	23,333	0	23,333
Leisure Time Activities	0	9,743	9,743
Transportation	0	18,540	18,540
General Government	77,160	14,355	91,515
<i>Total Cash Disbursements</i>	<u>100,493</u>	<u>42,638</u>	<u>143,131</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(37,041)</u>	<u>35,546</u>	<u>(1,495)</u>
Special Item	<u>27</u>	<u>0</u>	<u>27</u>
<i>Net Change in Fund Cash Balances</i>	(37,014)	35,546	(1,468)
<i>Fund Cash Balances, January 1</i>	<u>(28,209)</u>	<u>128,469</u>	<u>100,260</u>
<i>Fund Cash Balances, December 31</i>	<u>(\$65,223)</u>	<u>\$164,015</u>	<u>\$98,792</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)*

*All Fiduciary Fund Types*

*For the Year Ended December 31, 2021*

	Fiduciary Fund Types
	Custodial
	Mayor's Court
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$7,866
<i>Total Additions</i>	<u>7,866</u>
<b>Deductions</b>	
Distributions to Other Governments	1,401
Distributions to Other Funds (Primary Gov't)	6,164
<i>Total Deductions</i>	<u>7,565</u>
<i>Net Change in Fund Balances</i>	301
<i>Fund Cash Balances, January 1</i>	<u>3,519</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,820</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, 2021*

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**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***

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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.

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***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, 2021*  
*(Continued)*

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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 (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 § 117.38 and Ohio Administrative Code 117-2-03 (C) permit.

***Budgetary Process***

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

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

**Village of Rutland, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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***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 11.

**Note 3 – Budgetary Activity**

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

**Village of Rutland, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,170	\$63,479	\$12,309
Special Revenue	34,404	78,184	43,780
<b>Total</b>	<b>\$85,574</b>	<b>\$141,663</b>	<b>\$56,089</b>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$28,325	\$100,610	(\$72,285)
Special Revenue	153,607	42,750	110,857
<b>Total</b>	<b>\$181,932</b>	<b>\$143,360</b>	<b>\$38,572</b>

**Note 4 – 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:

	2021
<b><i>Cash Management Pool:</i></b>	
Demand Deposits	\$97,158
Certificates of Deposit	5,454
<b>Total Deposits</b>	<b>\$102,612</b>

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 \$225 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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, 2021*  
*(Continued)*

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

**Note 6 – 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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>( 15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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.

**Note 7 – 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.

**Village of Rutland, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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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 8 – 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 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.

**Note 9 – 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, 2021, 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 10 – 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.

**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:



**Village of Rutland, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Corpus	0	0	0
Outstanding Encumbrances	117	112	229
<i>Total</i>	\$117	\$112	\$229

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 12 – Fiscal Emergency**

On March 29, 2022, as provided by Sections 118.021 and 118.04(A) of the Ohio Revised Code and initiated by the Auditor of State, the Village was placed into fiscal emergency. At the 2020 census, the Village of Rutland’s population was 427. For a village or township with a population of less than 1,000, the Auditor of State serves as the financial supervisor and has all the powers and responsibilities of a financial planning and supervision commission. As such, the Auditor of State’s office is helping develop a financial recovery plan for the Village and is monitoring its execution. The Village approved a recovery plan on July 18, 2022. That plan mainly includes measures to forfeit salaries and benefits of elected officials, reduce expenditures of the Police Department, utilize the Law Enforcement Trust Fund, make energy conversation adjustments, and institute a local income tax.

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**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

**FINDING NUMBER 2022-001**

**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.

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, 75 percent of the 2022 receipts and 78 percent of the 2021 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 ORC § 9.38.

**Officials' Response:** The Village implemented a policy on January 8, 2024 to use going forward.

**FINDING NUMBER 2022-002**

**Noncompliance**

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

Four of four (100%) of the Village's elected officials with terms ending in 2021 or 2022, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests.

The elected officials, or their designee, should, during their term of office, attend public records training and maintain proof of completion of the training.

**Officials' Response:** The Village will approve a policy to use the Fiscal Officer as a designee.

**FINDING NUMBER 2022-003**

**Noncompliance**

Ohio Rev. Code § 117.103 (B)(1) states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Furthermore, Ohio Rev. Code § 117.103 (B)(2) states that on the effective date of this section (May 4, 2012), each public office shall make all its employees aware of the fraud-reporting system.

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

**FINDING NUMBER 2022-003  
(Continued)**

**Noncompliance- Ohio Rev. Code § 117.103 (B)(1) (Continued)**

For 2022 and 2021, the Village did not maintain signed documentation supporting all new employees confirm receipt of this information. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to prevent unreported instances of fraud, the Village should communicate the fraud reporting system to its current employees and implement a process for informing new employees.

**Officials' Response:** The Village now has new hire packets which include the required form for employees' signature.

**FINDING NUMBER 2022-004**

**Noncompliance**

Ohio Rev. Code § 121.22(C) provides, in part, that all official actions of the Council and all pertinent information shall be recorded in the record of proceedings (minutes). The minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

On June 7, 2021, the Council approved an updated Fine, Bond, Fee Schedule that sets the various fines for violations identified, as indicated on the schedule. However, the new rates were not documented as approved in the open minutes. This was due to oversight by the Council. The failure to approve such changes in open meetings and include formal Council approvals in the record of proceedings leads to a lack of transparency in the eyes of the public and difficulty in supporting actions taken by the Council.

The Council should approve any changes to the Fine, Bond, Fee Schedule in open meetings and document all formal actions of the Council in the formal meeting minutes. Further, the Council should put policies and procedures in place to help ensure the correct amounts are charged in accordance with the formally approved fee schedules.

**Officials' Response:** The Village will be more detailed in the documentation in the minute record.

**FINDING NUMBER 2022-005**

**Noncompliance**

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, and ethics, the Treasurer of State shall provide annual continuing education programs for Treasurers. A Treasurer annually shall complete the continuing education programs described, unless the Treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State's office in fiscal year 2022 or 2021.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

**FINDING NUMBER 2022-005  
(Continued)**

**Noncompliance- Ohio Rev. Code § 135.22(B) (Continued)**

**Officials' Response:** The Fiscal Officer will attend training or file the required exemptions moving forward.

**FINDING NUMBER 2022-006**

**Noncompliance**

Ohio Rev. Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§149.38 through 149.42. Additionally, maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

During 2022 and 2021, respectively, the Village failed to maintain support for a projected \$2 and \$135. Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village should maintain all invoices and purchase orders for all financial transactions and records be maintained in an orderly manner to support all transactions.

**Officials' Response:** The Village procedures now include a requisition system to correct this.

**FINDING NUMBER 2022-007**

**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
- 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 not remit the amounts due to the State on or before the twentieth day in 2021 and 2022 as required. As of December 31, 2022, the Village still held \$4,266, 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.

**Officials' Response:** The Village will review all payments to make sure they have been made within the required timeframe going forward.

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

**FINDING NUMBER 2022-008**

**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 2021, the Village Mayor did not remit monies collected to the Village by the first Monday of the following month. During 2022, Mayor's Court receipts were incorrectly posted directly to the Village General Fund. 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 Village Mayor should distribute fines collected by the Village's Mayor's Court to the Village by the first Monday of the following month.

**Officials' Response:** The Fiscal Officer will investigate to make sure all payments are made properly.

**FINDING NUMBER 2022-009**

**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.

- "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.
- 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.

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

**FINDING NUMBER 2022-009  
(Continued)**

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

- 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.

The Fiscal Officer utilized blanket certificates during 2021 and 2022; 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.

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.

**Officials' Response:** The Village adopted a policy in 2023 establishing the required limits.

**FINDING NUMBER 2022-010**

**Noncompliance**

Ohio Admin. Code 117-2-02(D)(4)(c) provides that all local public offices should maintain or provide a report of capital assets records including such information as the original cost, acquisition date, voucher number, they asset type (land, building, vehicle, etc.), asset description, location, and tag number.

The Village did not maintain an inventory listing. Failure to maintain an inventory listing to track the Village's fixed assets could result in the Village being unable to determine when, where, and how long capital assets may have been missing, should they go missing.

The Fiscal Officer should create a listing of all of the Village's capital assets including all required elements.

**Officials' Response:** The Village is now using UAN to track inventory and has approved a policy to establish procedures.

**FINDING NUMBER 2022-011**

**Internal Control Deficiency- Financial Monitoring**

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.

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

**FINDING NUMBER 2022-011  
(Continued)**

**Internal Control Deficiency- Financial Monitoring (Continued)**

Timesheets were not consistently signed by the employee and supervisor. Lack of completing this control could lead to employees being paid for time that was not worked. Further, the Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council are responsible for reviewing the reconciliations and related support. Monthly financial reports were not reviewed for three months in 2022. 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.

**Officials' Response:** The Village has instituted Council rules stating that such reports will be provided.

**FINDING NUMBER 2022-012**

**Internal Control Deficiency- 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.

<u>Year</u>	<u>Fund</u>	<u>Estimated receipts per Certificate of Estimated Resources</u>	<u>Estimated Receipts in the Accounting System</u>	<u>Variance</u>
2021	General Fund	\$51,170	\$54,420	(\$3,250)



**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

**FINDING NUMBER 2022-012  
(Continued)**

**Internal Control Deficiency- Budgetary Amounts in the Accounting System (Continued)**

Year	Fund	Approved Appropriations	Appropriations in the Accounting System	Variance
2021	General Fund	\$28,325	\$51,000	(\$22,675)
2021	Civic Center Fund	7,247	15,000	(7,753)
2021	James Vennari Park Fund	10,905	10,000	905

Year	Fund	Approved Appropriations	Appropriations in the Accounting System	Variance
2022	General Fund	\$57,829	\$69,045	(\$11,216)
2022	Street Construction, Maintenance, and Repair Fund	38,400	45,000	(6,600)
2022	Civic Center Fund	26,500	28,000	(1,500)
2022	Law Enforcement Trust Fund	4,000	1,000	3,000

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.

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.

**Officials' Response:** The Village is working on correcting this and establishing policies and procedures moving forward.

**FINDING NUMBER 2022-013**

**Internal Control Deficiency- Mayors Court Remittance to Meigs County**

The Mayor did not remit court costs and fines due to Meigs County on a monthly basis during both 2022 and 2021 which can result in late fees. Also, from prior year amounts due, the Village held \$644 which should be remitted to Meigs County as of December 31, 2022.

To avoid late fees which are not considered allowable public expenditures, the Mayor shall account for and dispose of all such fines, forfeitures, fees and costs collected by the following month after the collection period.

**Officials' Response:** The Village will investigate this, determine what is currently still due, and remit to the County.

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

**FINDING NUMBER 2022-014**

**Internal Control Deficiency- Disaster Recovery Plan**

In order to provide for recovery in the event of a disaster, entities must protect mission critical data by performing frequent backups, performing periodic tests of the backups and storing the backups off-site. The off-site storage area must provide for the protection of the backup media from both environmental and physical threats.

The Village has no formal policy for the Mayor's Court system for preparing and securing backups. Proper security safeguards may not have been in place over this information. Maintaining backups in an unsecured location makes the Village vulnerable to loss of backup data, critical to restoring the system following an unexpected disaster.

The Village should approve a formal plan for backup and secure off-site storage of facility system data for the Mayor's Court system and implement this policy. In addition, backups performed and retained should be documented. The Village should implement a Disaster Recovery Plan to help secure all data.

**Officials' Response:** The Village will have its IT specialist look into this and the Council will establish a policy to address it.

**FINDING NUMBER 2022-015**

**Internal Control Deficiency- Check Numbering**

During 2022, one out of 20 expenditures tested had a check number on the check image clearing the bank different from the check number recorded in the accounting system. During 2021, two out of 17 expenditures tested had a check number on the check image clearing the bank different from the check number recorded in the accounting system. The failure to properly record transactions can lead to confusion over transactions and difficulties in reconciling.

The Village should monitor disbursements to ensure that check information is consistent with information recorded in the accounting system.

**Officials' Response:** The Village will make sure a policy is adopted to make sure check information is consistent with system information.

**FINDING NUMBER 2022-016**

**Internal Control Deficiency- Financial Reporting**

The Village Officer's Handbook and the Uniform Accounting Network (UAN) Accounting and General Manual provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

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

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

**FINDING NUMBER 2022-016  
(Continued)**

**Internal Control Deficiency- Financial Reporting (Continued)**

During 2022:

- Certain homestead and rollback and other Intergovernmental receipts were posted as property taxes in the General Fund resulting in a decrease in Property and Other Local Taxes and an increase in Intergovernmental of \$4,307. In addition, a portion of Intergovernmental receipts was posted to the wrong fund resulting in a decrease in Intergovernmental in the General Fund of \$395 and an increase in Intergovernmental in the Street Construction, Maintenance, and Repair Fund and State Highway fund of \$365, and \$30, respectively.
- Activity relating to the Mayor's Court was incorrectly posted resulting in:
  - General Fund- an increase in Fund Cash Balances, January 1 of \$986, a decrease in Fines, Licenses and Permits of \$7,366, and a decrease in Transfers in of \$1,750.
  - Mayor's Court Computer Fund- a decrease in Fines, Licenses and Permits of \$1,247.
  - Mayor's Court Fund- an increase in Fines, Licenses and Permits of \$25,087, an increase to Distributions to Other Funds (Primary Gov't) of \$17,460, and a decrease to Distributions to Other Governments of \$1,750.

During 2021:

- The opening equity in the General Fund did not agree to the prior year report resulting in a decrease in Fund Cash Balances, January 1 and increase in Miscellaneous cash receipts of \$100.
- Activity relating to the Mayor's Court was incorrectly posted resulting in:
  - General Fund- an increase in Fines, Licenses and Permits of \$585.
  - Mayor's Court Computer Fund- an increase in Fines, Licenses and Permits of \$400.
  - Mayor's Court Fund- an increase in Fines, Licenses and Permits of \$6,579, an increase to Distributions to Other Funds (Primary Gov't) of \$6,164, and an increase to Distributions to Other Governments of \$1,401.

These misstatements were caused by confusion over proper classifications. As a result, reclassifications/adjustments, with which the Village's management agrees, were made to the financial statements. In addition, adjustments were posted to the footnote disclosures of the Village for 2022 and 2021. 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.

**Officials' Response:** The Village is working with Local Government Services to correct and make a policy going forward.

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

**FINDING NUMBER 2022-017**

**Internal Control Deficiency- Check Sequence**

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. Control activities are policies and procedures that help ensure management directives are carried out so as to identify and assess the risks of material misstatements, whether due to fraud or error, at the financial statement and relevant assertion levels. Sequential numbering of checks can serve as an internal control over disbursements.

Gaps in check sequence without a documented explanation occurred in the Village's checks issued during 2022 and 2021. The failure to sequentially number checks and account for gaps in sequence is a risk factor.

The Village should monitor disbursement to help ensure the checks are sequentially numbered and any gaps in sequence are adequately explained.

**Officials' Response:** All voided purchase orders and checks are now kept in a folder and documentation maintained.



**VILLAGE OF RUTLAND  
 MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2020-001	Noncompliance and Material Weakness relating to Ohio Admin. Code 117-2-02(A) relating to the lack of ticket accountability.	Yes	Corrective Action was Taken
2020-002	Noncompliance relating to Ohio Rev. Code § 9.38 due to lack of timely deposit.	No	Not Corrected. The Village implemented a policy on January 8, 2024 to use going forward.
2020-003	Noncompliance relating to Ohio Rev. Code § 733.40 due to failing to remit monies collected in Mayor’s Court to the Village by the first Monday of the following Month.	No	Not Corrected. The Fiscal Officer will investigate to make sure all payments are made properly.
2020-004	Noncompliance relating to Ohio Rev. Code § 2949.091 due to failing to remit monies collected in Mayor’s Court to the State on or before the twentieth day of the following month.	No	Not Corrected. The Village will review all payments to make sure they have been made within the required timeframe going forward.
2020-005	Noncompliance relating to Ohio Rev. Code § 5705.10(I) due to a negative fund balance in the General Fund.	No	On March 29, 2022, the Village was placed into fiscal emergency. The Auditor of State serves as the financial supervisor and has all the powers and responsibilities of a financial planning and supervision commission. As such, the Auditor of State’s office is helping develop a financial recovery plan for the Village and is monitoring its execution. The Village approved a recovery plan on July 18, 2022. As such, this issue was not repeated. The Village is currently working to comply with the fiscal recovery plan and is monitoring expenditures.

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2020-006	Noncompliance and Material Weakness relating to Ohio Rev. Code § 5705.39 due to total appropriations exceeding estimated resources.	Yes	Corrective Action was Taken
2020-007	Noncompliance relating to Ohio Rev. Code § 5705.41(B) due to expenditures exceeding appropriations.	No	On March 29, 2022, the Village was placed into fiscal emergency. The Auditor of State serves as the financial supervisor and has all the powers and responsibilities of a financial planning and supervision commission. As such, the Auditor of State's office is helping develop a financial recovery plan for the Village and is monitoring its execution. The Village approved a recovery plan on July 18, 2022. As such, this issue was not repeated. The Village is currently working to comply with the fiscal recovery plan and is monitoring expenditures.
2020-008	Noncompliance relating to Ohio Rev. Code § 5705.41(D) due to improper encumbrance.	No	Not Corrected. The Village adopted a policy in 2023 establishing the required limits.
2020-009	Material Weakness relating to Mayor's Court fines assessed disagreeing to approved schedules.	No	Not Corrected. The Village will be more detailed in the documentation in the minute record.
2020-010	Material Weakness relating to Council failing to consistently review bank reconciliations and financial reports.	No	Not Corrected. The Village has instituted Council rules stating that such reports will be provided.
2020-011	Material Weakness relating to budgetary amounts in the Uniform Accounting System varying from formally approved amounts.	No	Not Corrected. The Village is working on correcting this and establishing policies and procedures moving forward.

**VILLAGE OF RUTLAND  
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2020-012	Material Weakness relating to lack of rental agreements and calendars for Civic Center rentals as well as a failure to approve rate schedule.	Yes	Corrective Action was Taken
2020-013	Material Weakness relating to material audit adjustments identified.	No	Not Corrected. The Village is working with Local Government Services to correct and make a policy going forward.
2020-014	Material Weakness relating to timesheets lacking supervisory approval.	No	Not Corrected. The Village has instituted Council rules stating that such reports will be provided.

# 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 7/23/2024**

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

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