



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF RAYLAND
JEFFERSON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Rayland
Jefferson County
195 Main Street
P.O. Box 188
Rayland, Ohio 43943-0188

To the Village Council:

We have audited the accompanying financial statements of the Village of Rayland (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Rayland as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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Jim Petro
Auditor of State

September 26, 2002

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VILLAGE OF RAYLAND
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$13,842	\$15,032	\$3,977		\$32,851
Intergovernmental Receipts	31,478	22,272		\$9,922	63,672
Fines, Licenses, and Permits	12,709				12,709
Earnings on Investments		108			108
Miscellaneous	8,590	22			8,612
Total Cash Receipts	66,619	37,434	3,977	9,922	117,952
Cash Disbursements:					
Current:					
Security of Persons and Property	20,813				20,813
Public Health Services	577				577
Leisure Time Activities	4,543				4,543
Transportation		21,357			21,357
General Government	18,750	6,189			24,939
Debt Service:					
Principal Payments	3,269		3,000		6,269
Interest Payments	479		1,489		1,968
Capital Outlay				9,922	9,922
Total Cash Disbursements	48,431	27,546	4,489	9,922	90,388
Total Receipts Over/(Under) Disbursements	18,188	9,888	(512)		27,564
Other Financing Receipts and (Disbursements):					
Advances-In			436		436
Advances-Out	(436)				(436)
Total Other Financing Receipts/(Disbursements)	(436)		436		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,752	9,888	(76)		27,564
Fund Cash Balances, January 1	6,678	15,272	77	1,273	23,300
Fund Cash Balances, December 31	\$24,430	\$25,160	\$1	\$1,273	\$50,864

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

VILLAGE OF RAYLAND
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$81,810		\$81,810
Miscellaneous	33		33
Total Operating Cash Receipts	<u>81,843</u>		<u>81,843</u>
Operating Cash Disbursements:			
Personal Services	11,736		11,736
Contractual Services	29,086		29,086
Supplies and Materials	36,923		36,923
Total Operating Cash Disbursements	<u>77,745</u>		<u>77,745</u>
Operating Income/(Loss)	<u>4,098</u>		<u>4,098</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes		\$3,604	3,604
Other Non-Operating Receipts	1,170	16,432	17,602
Total Non-Operating Cash Receipts	<u>1,170</u>	<u>20,036</u>	<u>21,206</u>
Non-Operating Cash Disbursements:			
Debt Service	2,125		2,125
Other Non-Operating Cash Disbursements	490	20,036	20,526
Total Non-Operating Cash Disbursements	<u>2,615</u>	<u>\$20,036</u>	<u>22,651</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	2,653		2,653
Fund Cash Balances, January 1	<u>50,040</u>		<u>50,040</u>
Fund Cash Balances, December 31	<u>\$52,693</u>		<u>\$52,693</u>

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

VILLAGE OF RAYLAND
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$6,072	\$6,144	\$4,498		\$16,714
Intergovernmental Receipts	22,654	22,486		\$85,685	130,825
Fines, Licenses, and Permits	3,242				3,242
Miscellaneous	6,408	228			6,636
Total Cash Receipts	<u>38,376</u>	<u>28,858</u>	<u>4,498</u>	<u>85,685</u>	<u>157,417</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	12,198				12,198
Public Health Services	579				579
Leisure Time Activities	2,704				2,704
Transportation		21,597			21,597
General Government	26,949	7,282			34,231
Debt Service:					
Principal Payments	2,787		3,000		5,787
Interest Payments	664		1,747		2,411
Capital Outlay				85,685	85,685
Total Cash Disbursements	<u>45,881</u>	<u>28,879</u>	<u>4,747</u>	<u>85,685</u>	<u>165,192</u>
Total Receipts Over/(Under) Disbursements	<u>(7,505)</u>	<u>(21)</u>	<u>(249)</u>		<u>(7,775)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,505)	(21)	(249)		(7,775)
Fund Cash Balances, January 1	<u>14,183</u>	<u>15,293</u>	<u>326</u>	<u>1,273</u>	<u>31,075</u>
Fund Cash Balances, December 31	<u>\$6,678</u>	<u>\$15,272</u>	<u>\$77</u>	<u>\$1,273</u>	<u>\$23,300</u>

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

VILLAGE OF RAYLAND
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$71,724		\$71,724
Miscellaneous	1,530		1,530
Total Operating Cash Receipts	<u>73,254</u>		<u>73,254</u>
Operating Cash Disbursements:			
Personal Services	12,552		12,552
Contractual Services	36,070		36,070
Supplies and Materials	24,415		24,415
Capital Outlay	7,665		7,665
Total Operating Cash Disbursements	<u>80,702</u>		<u>80,702</u>
Operating Income/(Loss)	<u>(7,448)</u>		<u>(7,448)</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes		\$3,341	3,341
Other Non-Operating Receipts	1,045	1,625	2,670
Total Non-Operating Cash Receipts	<u>1,045</u>	<u>4,966</u>	<u>6,011</u>
Non-Operating Cash Disbursements:			
Debt Service	2,125		2,125
Other Non-Operating Cash Disbursements	857	4,966	5,823
Total Non-Operating Cash Disbursements	<u>2,982</u>	<u>\$4,966</u>	<u>7,948</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(9,385)		(9,385)
Fund Cash Balances, January 1	<u>59,425</u>		<u>59,425</u>
Fund Cash Balances, December 31	<u>\$50,040</u>		<u>\$50,040</u>

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

**VILLAGE OF RAYLAND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Rayland, Jefferson County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations, and police services. The Village contracts with Rayland Volunteer Fire Department to provide fire protection services and emergency medical services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF RAYLAND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Levy Fund -This fund receives tax monies to provide fire protection services.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Sewer Bond Fund – This fund is used to retire sewer bond debt.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Issue II Fund - This fund receives Issue II monies which are used for special highway projects.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sanitation Fund - This fund receives charges for services from residents to cover the cost of providing this service

6. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Mayors Court Fund – This fund serves as a clearing account fund for Mayors Court Activity.

East Ohio Regional Transit Authority (EORTA) Fund – This fund receives tax monies which are paid to Ohio East Regional Transit Authority. The Authority provides bus services for Village residents.

**VILLAGE OF RAYLAND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

**VILLAGE OF RAYLAND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

	2001	2000
Demand deposits	\$40,907	\$10,690
Certificates of deposit	62,650	62,650
Total deposits	\$103,557	\$73,340

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$66,619	\$66,619
Special Revenue	0	37,434	37,434
Debt Service	0	3,977	3,977
Capital Projects	0	9,922	9,922
Enterprise	0	83,013	83,013
Total	\$0	\$200,965	\$200,965

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,810	\$48,431	\$9,379
Special Revenue	58,110	27,546	30,564
Debt Service	6,000	4,489	1,511
Capital Projects	1,263	9,922	(8,659)
Enterprise	128,400	80,360	48,040
Total	\$251,583	\$170,748	\$80,835

**VILLAGE OF RAYLAND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,425	\$38,376	(\$49)
Special Revenue	29,179	28,858	(321)
Debt Service	5,800	4,498	(1,302)
Capital Projects	105,856	85,685	(20,171)
Enterprise	77,000	74,299	(2,701)
Total	\$256,260	\$231,716	(\$24,544)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,710	\$45,881	\$9,829
Special Revenue	55,260	28,879	26,381
Debt Service	6,000	4,747	1,253
Capital Projects	1,263	85,685	(84,422)
Enterprise	128,400	83,684	44,716
Total	\$246,633	\$248,876	(\$2,243)

Contrary to Ohio law, the Village failed to obtain a Certificate of Estimated Resources from the County Budget Commission for 2001 revenue. Because the Village failed to obtain a Certificate of Estimated Resources, all Village appropriations for 2001 exceeded estimated resources. Also, contrary to Ohio law, expenditures exceeded appropriations in one fund in 2001 and in three funds in 2000.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF RAYLAND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$3,883	6.24%
Sewer Improvement Bonds	15,000	8.12%
General Obligation Note	<u>4,464</u>	7.50%
Total	<u><u>\$23,347</u></u>	

The Ohio Water Development Authority (OWDA) loan and the Sewer Improvement Bonds relate to improvements to the water system.

The General Obligation Note was issued for the purchase of police cruiser.

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

	<u>OWDA Loan</u>	<u>Sewer Improvement Bonds</u>	<u>General Obligation Note</u>
Year ending December 31:			
2002	\$2,125	\$4,219	\$3,588
2003	2,125	3,975	1,155
2004	127	3,731	
2005		3,488	
2006		<u>3,243</u>	
Total	<u><u>\$4,377</u></u>	<u><u>\$18,656</u></u>	<u><u>\$4,743</u></u>

6. RETIREMENT SYSTEMS

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000 PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF RAYLAND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Rayland
Jefferson County
195 Main Street
P.O. Box 188
Rayland, Ohio 43943-0188

To the Village Council:

We have audited the accompanying financial statements of the Village of Rayland, Jefferson County as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated September 26, 2002. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as items 2001-31241-001, 2001-31241-002, and 2001-31241-003. We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated September 26, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 26, 2002.

This report is intended solely for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

September 26, 2002

VILLAGE OF RAYLAND
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-31241-001

Ohio Revised Code § 5705.36 states that on or about the first day of each fiscal year, the fiscal officer of a subdivision is to certify to the county auditor the total amount which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

For fiscal year 2001, the Clerk/Treasurer did not file a certificate showing the total amount from all sources available for expenditures and the balances existing at the end of the year with the county auditor. Appropriations for each fund are limited to total amount from all sources which is available for expenditures from each fund in the tax budget. Failure to make the required certification resulted in the county budget commission not providing an official (or amended official) certificate of estimated resources as further discussed in finding 2001-31241-002. The Clerk/Treasurer should use a calendar with all applicable budgetary dates as a reminder to complete required documents.

FINDING NUMBER 2001-31241-002

Ohio Revised Code § 5705.39 states that no appropriation measure should exceed total estimated revenue as certified by the county budget commission. This section also states that no appropriation measure is effective until the county auditor files a certificate that total appropriations from each fund do not exceed the total official estimate of resources.

Since available year end balances were not certified by the Village, as noted in finding 2001-31241-001, the county budget commission did not provide an official (or amended official) certificate of estimated resources for fiscal year 2001. Accordingly, 100% of the Village's 2001 appropriations exceeded estimated resources certified by the budget commission. The Clerk/Treasurer should use a calendar with all applicable budgetary dates as a reminder to complete required documents.

FINDING NUMBER 2001-31241-003

* **Ohio Revised Code § 5705.41 (B)** prohibits a subdivision from making an expenditure unless it has been properly appropriated.

In 2001, the Capital Transportation 40 Fund had expenditures which exceeded appropriations by 87%. In 2000, the State Highway Fund, the Fire Levy Fund and the Capital Transportation 40 Fund had expenditures which exceeded appropriations by the following percentages 13%, 4% and 98%, respectively.

Failure to limit expenditures to appropriated levels could result in overspending and or deficit balances. The Village should pass all necessary budgetary measures and monitor the amounts to assure compliance with budgetary requirements.

* This issue was reported in the prior audit management letter.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF RAYLAND

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 26, 2002**