



**Auditor of State  
Betty Montgomery**



VILLAGE OF RAYLAND  
JEFFERSON COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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, Ohio (the Village) as of and for the years ended December 31, 2003 and 2002. 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, Jefferson County, Ohio, as of December 31, 2003 and 2002, 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 November 19, 2004 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 the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 19, 2004

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, 2003

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$7,143	\$5,913	\$3,297		\$16,353
Intergovernmental Receipts	17,837	25,804			43,641
Fines, Licenses, and Permits	4,511				4,511
Earnings on Investments	1,151				1,151
Miscellaneous	5,961	1,127			7,088
<b>Total Cash Receipts</b>	<b>36,603</b>	<b>32,844</b>	<b>3,297</b>		<b>72,744</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	15,361				15,361
Public Health Services	669				669
Leisure Time Activities	2,272				2,272
Transportation		20,035			20,035
General Government	32,367	6,857			39,224
Debt Service:					
Principal Payments			3,000		3,000
Interest Payments			993		993
<b>Total Cash Disbursements</b>	<b>50,669</b>	<b>26,892</b>	<b>3,993</b>		<b>81,554</b>
Total Receipts Over/(Under) Disbursements	(14,066)	5,952	(696)		(8,810)
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	1,263		44		1,307
Transfers-Out	(44)			(\$1,263)	(1,307)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>1,219</b>		<b>44</b>	<b>(1,263)</b>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,847)	5,952	(652)	(1,263)	(8,810)
Fund Cash Balances, January 1	21,595	17,126	\$652	1,273	40,646
<b>Fund Cash Balances, December 31</b>	<b>\$8,748</b>	<b>\$23,078</b>		<b>\$10</b>	<b>\$31,836</b>

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, 2003**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$92,390		\$92,390
Miscellaneous	10		10
Total Operating Cash Receipts	<u>92,400</u>		<u>92,400</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	8,964		8,964
Contractual Services	47,918		47,918
Supplies and Materials	42,323		42,323
Other	1,858		1,858
Total Operating Cash Disbursements	<u>101,063</u>		<u>101,063</u>
Operating Income/(Loss)	<u>(8,663)</u>		<u>(8,663)</u>
<b>Non-Operating Cash Receipts:</b>			
Property Tax and Other Local Taxes		\$3,450	3,450
Other Non-Operating Receipts	955	5,630	6,585
Total Non-Operating Cash Receipts	<u>955</u>	<u>9,080</u>	<u>10,035</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	1,860	9,080	10,940
Total Non-Operating Cash Disbursements	<u>1,860</u>	<u>\$9,080</u>	<u>10,940</u>
Net Receipts Over/(Under) Disbursements	(9,568)		(9,568)
Fund Cash Balances, January 1	<u>44,487</u>		<u>44,487</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$34,919</u></b>		<b><u>\$34,919</u></b>

*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, 2002

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$7,728	\$6,393	\$4,959		\$19,080
Intergovernmental Receipts	19,378	23,408			42,786
Fines, Licenses, and Permits	7,266				7,266
Earnings on Investments	2,082				2,082
Miscellaneous	7,730	180			7,910
Total Cash Receipts	44,184	29,981	4,959		79,124
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	16,973				16,973
Public Health Services	1,189				1,189
Leisure Time Activities	3,200				3,200
Transportation		20,734			20,734
General Government	25,657	17,281	89		43,027
Debt Service:					
Principal Payments			3,000		3,000
Interest Payments			1,219		1,219
Total Cash Disbursements	47,019	38,015	4,308		89,342
Total Receipts Over/(Under) Disbursements	(2,835)	(8,034)	651		(10,218)
Fund Cash Balances, January 1	24,430	25,160	1	\$1,273	50,864
<b>Fund Cash Balances, December 31</b>	<b>\$21,595</b>	<b>\$17,126</b>	<b>\$652</b>	<b>\$1,273</b>	<b>\$40,646</b>

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, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$89,269		\$89,269
Miscellaneous	512		512
Total Operating Cash Receipts	<u>89,781</u>		<u>89,781</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	13,801		13,801
Contractual Services	33,349		33,349
Supplies and Materials	51,268		51,268
Total Operating Cash Disbursements	<u>98,418</u>		<u>98,418</u>
Operating Income/(Loss)	<u>(8,637)</u>		<u>(8,637)</u>
<b>Non-Operating Cash Receipts:</b>			
Property Tax and Other Local Taxes		\$3,728	3,728
Other Non-Operating Receipts	1,560	7,800	9,360
Total Non-Operating Cash Receipts	<u>1,560</u>	<u>11,528</u>	<u>13,088</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	1,130	11,528	12,658
Total Non-Operating Cash Disbursements	<u>1,130</u>	<u>\$11,528</u>	<u>12,658</u>
Net Receipts Over/(Under) Disbursements	(8,207)		(8,207)
Fund Cash Balances, January 1	<u>52,694</u>		<u>52,694</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$44,487</b></u>		<u><b>\$44,487</b></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, 2003 AND 2002**

**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, 2003 AND 2002  
(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 fund:

*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 fund:

*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:

*Mayor's Court Fund* – This fund serves as a clearing account fund for Mayor's 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 service for Village residents.

E. Budgetary Process

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

**VILLAGE OF RAYLAND  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2003 and 2002 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:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$24,105	\$22,483
Certificates of deposit	42,650	62,650
Total deposits	<u>66,755</u>	<u>85,133</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation,

**VILLAGE OF RAYLAND  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,650	\$37,866	(\$7,784)
Special Revenue	37,458	32,844	(4,614)
Debt Service	5,000	3,341	(1,659)
Capital Projects	0	0	0
Enterprise	104,500	93,355	(11,145)
Total	\$192,608	\$167,406	(\$25,202)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,760	\$50,713	\$9,047
Special Revenue	41,310	26,892	14,418
Debt Service	5,000	3,993	1,007
Capital Projects	1,263	1,263	0
Enterprise	122,700	102,923	19,777
Total	\$230,033	\$185,784	\$44,249

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,000	\$44,184	\$4,184
Special Revenue	37,382	29,981	(7,401)
Debt Service	5,500	4,959	(541)
Capital Projects	0	0	0
Enterprise	86,500	91,341	4,841
Total	\$169,382	\$170,465	\$1,083

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,110	\$47,019	\$12,091
Special Revenue	67,610	38,015	29,595
Debt Service	6,000	4,308	1,692
Capital Projects	1,263	0	1,263
Enterprise	131,900	99,548	32,352
Total	\$265,883	\$188,890	\$76,993

Contrary to Ohio law, expenditures were not certified prior to invoice date for 100% of all expenditures tested.

**VILLAGE OF RAYLAND  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceeding 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.

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$9,000	8.12%

The Sewer Improvement Bonds relate to improvements to the sewer system. The Sewer Improvement Bonds are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover bonded service requirements.

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

	General Obligation Bonds
Year ending December 31:	
2004	\$3,731
2005	3,488
2006	3,243
Total	\$10,462

**6. RETIREMENT SYSTEMS**

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide 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 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF RAYLAND  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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.





## **Auditor of State Betty Montgomery**

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

Village of Rayland  
Jefferson County  
195 Main Street  
PO Box 188  
Rayland, Ohio 43943-0288

To the Village Council:

We have audited the accompanying financial statements of the Village of Rayland Jefferson County, Ohio, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated November 19, 2004. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated November 19, 2004.

#### **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 November 19, 2004.

Village of Rayland  
Jefferson County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 19, 2004

VILLAGE OF RAYLAND  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

**Ohio Revised Code § 5705.41(D)** provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every 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 a fiscal officer'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 Revised Code.

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$1,000 (\$3,000 effective April 7, 2003) the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council if such expenditure is otherwise valid.

2. **Blanket Certificate** – Fiscal officers 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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extent beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Village did not properly certify or record the amount against the applicable appropriation accounts for 100% of tested expenditures in 2002 and 2003. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

**VILLAGE OF RAYLAND  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash 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 assure that 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 Clerk/Treasurer should certify that 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.

The Village should certify purchases to which section Ohio Revised Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code § 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**VILLAGE OF RAYLAND  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 and 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-31241-001	Ohio Revised Code §5705.36, Village did not certify ending balances to County Auditor	Yes	
2001-31241-002	Ohio Revised Code §5705.39, appropriations exceeded estimated resources	No	Partially corrected issued in the Management Letter.
2001-31241-003	Ohio Revised Code §5705.41 (B) expenditures exceeded appropriations	Yes	





**Auditor of State  
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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  
FEBRUARY 10, 2005**