



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**VILLAGE OF RUTLAND  
TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Funds Types- For the Year Ended December 31, 1999 .....	3
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, 1999 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Funds Types- For the Year Ended December 31, 1998 .....	5
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, 1998 .....	6
Notes to the Financial Statements .....	7
Schedule of Federal Awards Expenditures .....	13
Notes to the Schedule of Federal Awards Expenditures .....	15
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	17
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control over Compliance In Accordance with OMB Circular A-133 .....	19
Schedule of Findings - <i>OMB Circular A-133 § .505</i> .....	21
Schedule of Prior Audit Findings - <i>OMB Circular A-133 § .315(b)</i> .....	26
Corrective Action Plan - <i>OMB Circular A - 133 § .315(c)</i> .....	27

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Rutland  
Meigs County  
P.O. Box 420  
Rutland, Ohio 45775

To the Village Council:

We have audited the accompanying financial statements of the Village of Rutland, Meigs County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 Rutland, Meigs County, as of December 31, 1999 and 1998, and its combined cash receipts and cash 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 October 2, 2000, 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.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village, taken as a whole. The accompanying Schedules of Federal Awards Expenditures are presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

The accompanying Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Years Ended December 31, 1999 and 1998 were revised from the statements originally issued with our October 2, 2000 report, to correct mathematical errors in the Statements.

**Jim Petro**  
Auditor of State

October 2, 2000, except for the last paragraph, which is dated January 10, 2001.

**VILLAGE OF RUTLAND  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$13,246	\$	\$13,246
Intergovernmental Receipts	24,672	626,109	650,781
Fines, Licenses and Permits	14,247		14,247
Miscellaneous	33,897	44,620	78,517
	<u>86,062</u>	<u>670,729</u>	<u>756,791</u>
<b>Total Cash Receipts</b>			
	<u>86,062</u>	<u>670,729</u>	<u>756,791</u>
<b>Cash Disbursements:</b>			
Security of Persons and Property	15,868	4,718	20,586
Basic Utility Services	10,704		10,704
Transportation		21,211	21,211
General Government	55,079	687,545	742,624
	<u>81,651</u>	<u>713,474</u>	<u>795,125</u>
<b>Total Cash Disbursements</b>			
	<u>81,651</u>	<u>713,474</u>	<u>795,125</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>4,411</u>	<u>(42,745)</u>	<u>(38,334)</u>
Fund Cash Balances, January 1	<u>9,071</u>	<u>52,119</u>	<u>61,190</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$13,482</b></u>	<u><b>\$9,374</b></u>	<u><b>\$22,856</b></u>

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

**VILLAGE OF RUTLAND  
 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, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$174,440	\$	\$174,440
Interest	1,972		1,972
Miscellaneous	1,442		1,442
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	177,854		177,854
<b>Operating Cash Disbursements:</b>			
Personal Services	49,637		49,637
Contract Services	54,757		54,757
Supplies and Materials	18,452		18,452
Capital Outlay	11,025		11,025
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	133,871		133,871
Operating Income	<hr/>	<hr/>	<hr/>
	43,983		43,983
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts		19,507	19,507
		<hr/>	<hr/>
Total Non-Operating Cash Receipts		19,507	19,507
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	70,847		70,847
Other Non-Operating Cash Disbursements		18,852	18,852
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Disbursements	70,847	18,852	89,699
Net Receipts Over/(Under) Disbursements	(26,864)	655	(26,209)
Fund Cash Balance, January 1	<hr/>	<hr/>	<hr/>
	132,950	880	133,830
<b>Fund Cash Balance, December 31</b>	<hr/> <b>\$106,086</b> <hr/>	<hr/> <b>\$1,535</b> <hr/>	<hr/> <b>\$107,621</b> <hr/>

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



**VILLAGE OF RUTLAND  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Governmental Fund Types</b>		<b>Total (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$12,461	\$0	\$12,461
Intergovernmental Receipts	25,004	351,781	376,785
Fines, Licenses and Permits	18,406		18,406
Miscellaneous	23,792		23,792
Total Cash Receipts	79,663	351,781	431,444
<b>Cash Disbursements:</b>			
Security of Persons and Property	19,416		19,416
Community Environment	5,011		5,011
Transportation		33,701	33,701
General Government	54,862	348,166	403,028
Total Cash Disbursements	79,289	381,867	461,156
Excess of Cash Receipts Over/(Under) Cash Disbursements	374	(30,086)	(29,712)
<b>Other Financing Sources/(Uses)</b>			
Transfer-In		7,892	7,892
Transfer-Out		(7,892)	(7,892)
Other Uses	(204)		(204)
Total Other Financing Sources (Uses)	(204)		(204)
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	170	(30,086)	(29,916)
Fund Cash Balances, January 1	8,901	82,205	91,106
<b>Fund Cash Balances, December 31</b>	<b>\$9,071</b>	<b>\$52,119</b>	<b>\$61,190</b>

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

**VILLAGE OF RUTLAND  
 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, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$130,584	\$	\$130,584
Miscellaneous	50,190		50,190
<b>Total Operating Cash Receipts</b>	<b>180,774</b>		<b>180,774</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	48,237		48,237
Contract Services	37,076		37,076
Supplies and Materials	41,969		41,969
Other	2,700		2,700
<b>Total Operating Cash Disbursements</b>	<b>129,982</b>		<b>129,982</b>
Operating Income	50,792		50,792
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts		22,773	22,773
<b>Total Non-Operating Cash Receipts</b>		<b>22,773</b>	<b>22,773</b>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	23,616		23,616
Other Non-Operating Cash Disbursements		22,247	22,247
<b>Total Non-Operating Cash Disbursements</b>	<b>23,616</b>	<b>22,247</b>	<b>45,863</b>
Net Receipts Over/(Under) Disbursements	27,176	526	27,702
Fund Cash Balance, January 1	105,774	354	106,128
<b>Fund Cash Balance, December 31</b>	<b>\$132,950</b>	<b>\$880</b>	<b>\$133,830</b>

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

**VILLAGE OF RUTLAND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Rutland, Meigs 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, maintenance of Village roads, and police and fire protection.

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 a payment is made rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash And Investments**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

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 received gasoline tax and motor vehicle license tax money to construct, maintain and repair Village streets.

Federal Emergency Management Agency (FEMA) Fund - This fund received federal monies for repairs of flood damage.

Community Development Block Grant (CDBG) Fund - This fund received federal monies to provide assistance for the acquisition, relocation or elevation of approximately 38 homes in the flood plane.

**VILLAGE OF RUTLAND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. Fund Accounting (Continued)**

**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 received charges for services from residents to cover the cost of providing this utility.

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

Sewer Debt Service Fund - This fund received a portion of the charges for service from residents to cover the debt payments of the water and sewer plants.

**Fiduciary Fund (Agency Fund)**

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

Mayor's Court Fund - This fund received fine money from fines and forfeitures of individuals who are cited to appear in court for violating Village laws and regulations.

**E. Budgetary Process**

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

**Appropriations**

Budgetary expenditures (i.e., 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**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.

**Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not encumber any purchase commitments as required by Ohio Rev. Code Section 5705.41(D).

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**VILLAGE OF RUTLAND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

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

**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. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**H. Reissuance of the Financial Statements**

The Combined Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types for the years ended December 31, 1999 and 1998, originally dated October 2, 2000, have been reissued as of January 10, 2001 due to mathematical errors.

**2. EQUITY IN POOLED CASH**

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

	<b><u>1999</u></b>	<b><u>1998</u></b>
Demand deposits	<b><u>\$130,477</u></b>	<b><u>\$195,020</u></b>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budget Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$49,819	\$86,062	\$36,243
Special Revenue	15,675	670,729	655,054
Enterprise	<u>178,591</u>	<u>177,854</u>	<u>(737)</u>
Total	<u>\$244,085</u>	<u>\$934,645</u>	<u>\$690,560</u>

**VILLAGE OF RUTLAND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$58,000	\$81,651	(\$23,651)
Special Revenue	30,609	713,474	(682,865)
Enterprise	<u>206,500</u>	<u>204,718</u>	<u>1,782</u>
Total	<u>\$295,109</u>	<u>\$999,843</u>	<u>(\$704,734)</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$57,355	\$79,663	\$22,308
Special Revenue	15,600	359,673	344,073
Enterprise	<u>179,000</u>	<u>180,774</u>	<u>1,774</u>
Total	<u>\$251,955</u>	<u>\$620,110</u>	<u>\$368,155</u>

1998 Budgeted vs. Actual Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
General	\$65,420	\$79,493	(\$14,073)
Special Revenue	95,271	389,759	(294,488)
Enterprise	<u>205,500</u>	<u>153,598</u>	<u>51,902</u>
Total	<u>\$366,191</u>	<u>\$622,850</u>	<u>(\$256,659)</u>

Expenditures exceeded appropriations in several funds in 1999 and 1998, contrary to Ohio Revised Code Section 5705.41(B).

**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 payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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 RUTLAND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Village's employees, as well as the Village Council members and the Clerk, belong to the Public Employee's Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide retirement benefits, including post-retirement 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 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55 % of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**6. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 0996-C	\$ 2,531	7.50%
Ohio Water Development Authority Loan 0996	<u>449,467</u>	7.50%
Total	<u>\$451,998</u>	

The OWDA loans relate to a water plant improvement. The OWDA approved a \$523,533 loan and a \$2,881 loan for the Village for this project. The loans will be repaid in semiannual installments of \$23,483 and \$132 over 25 years.

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

<u>Year Ending December 31</u>	<u>OWDA Loan 996-C</u>	<u>OWDA Loan 0996</u>
2000	\$132	\$23,483
2001	264	46,966
2002	264	46,966
2003	264	46,966
2004	264	46,966
Subsequent	<u>3,432</u>	<u>610,567</u>
Total	<u>\$4,620</u>	<u>\$821,914</u>

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

**This page intentionally left blank.**



**VILLAGE OF RUTLAND  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999**

<u>Agency/Program/Grant</u>	<u>Pass Through Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b><u>Federal Emergency Management Agency</u></b>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
FEMA - Public Assistance Grant	DR-1227	83.544	<u>\$332,552</u>
Total Federal Emergency Management Agency			<u>332,552</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed Through the Ohio Department of Development:</i>			
Small Cities Community Development Block Grant	C-I-97-358-1	14.228	<u>210,500</u>
Total U.S. Department of Housing and Urban Development			<u>210,500</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$543,052</u></u></b>

**VILLAGE OF RUTLAND  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998**

<u>Agency/Program/Grant</u>	<u>Pass Through Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b><u>Federal Emergency Management Agency</u></b>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
FEMA - Public Assistance Grant	DR-1227	83.544	<u>\$345,565</u>
Total Federal Emergency Management Agency			<u>345,565</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed Through the Ohio Department of Development:</i>			
Small Cities Community Development Block Grant	C-I-97-358-1	14.228	<u>10,500</u>
Total U.S. Department of Housing and Urban Development			<u>10,500</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$356,065</u></u></b>

**VILLAGE OF RUTLAND  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 1999 AND 1998**

**Note 1- Significant Accounting Policies**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110  
www.auditor.state.oh.us

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

Village of Rutland  
Meigs County  
P.O. Box 420  
Rutland, Ohio 45775

To the Mayor and Members of Council:

We have audited the financial statements of the Village of Rutland, Meigs County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated January 10, 2001, wherein we noted that certain financial statement amounts originally issued with our October 2, 2000 report were revised. We conducted our audit in accordance with generally accepted auditing standards 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 of Rutland'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* which are described in the accompanying Schedule of Findings as items 1999-30753-001 through 1999-30753-004. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated October 2, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village of Rutland'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-30753-002 and 1999-30753-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also 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 October 2, 2000.

This report is intended for the information and use of the audit committee, management, Mayor and Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by any one other than these specified parties.

**Jim Petro**  
Auditor of State

October 2, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Rutland  
Meigs County  
P.O. Box 420  
Rutland, Ohio 45775

To the Mayor and Members of Council:

**Compliance**

We have audited the compliance of the Village of Rutland, Meigs County, Ohio, (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 1999 and December 31, 1998. The Village's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Rutland complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 1999 and December 31, 1998. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 1999-30753-005.

**Internal Control Over Compliance**

The management of the Village of Rutland is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Village of Rutland  
Meigs County  
Report of Independent Accountants on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we considered to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Mayor, and Village Council, and federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

October 2, 2000.



**VILLAGE OF RUTLAND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 1999 AND 1998**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	FEMA - Public Assistance Grant, CFDA #83.544
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Not low risk 1998 Not low risk 1999

**VILLAGE OF RUTLAND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**FINDING NUMBER 1999-30753-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required. Upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council 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.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

During 1998 and 1999, the Clerk's certification of available funds was not obtained for any purchase commitments and funds were not encumbered until the time of payment.

We recommend that Village Council not approve the expenditure of Village money from any fund that does not have a certificate from the Village Clerk that there are appropriations available to support the disbursement.

**FINDING NUMBER 1999-30753-002**

**Noncompliance Citation and Reportable Condition**

Ohio Admin. Code Section 117-5-01 requires each Village to organize each of its funds into the eight major fund groups, to indicate the source of money contained in each fund, and to indicate the purpose for which an expenditure is made with moneys from an individual fund. Ohio Admin. Code Section 117-5-09 requires the Village to record each expenditure of Village money and each receipt in a cash journal. Ohio Admin. Code Section 117-5-10 requires Villages to record receipts in a receipts ledger and Ohio Admin. Code Section 117-5-11 requires Villages to record expenditures and encumbrances in an appropriation ledger.

The Village did maintain a cash journal for the entire audit period, but did not maintain an appropriation ledger or a receipts ledger for either year.

The cash journal was recorded in pencil; month-to-date figures were recorded but there were no year-to-date figures.

We recommend the Village Clerk maintain the cash journal in a permanent binder. This journal should be recorded in ink, should contain monthly and year-to-date totals, and should be reconciled with the bank each month.

The Village shall maintain a receipts ledger as follows:

**VILLAGE OF RUTLAND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**FINDING NUMBER 1999-30753-002 (Continued)**

**Noncompliance Citation and Reportable Condition (Continued)**

Ohio Admin. Code Sections 117-5-01 , 117-5-09, 117-5-10 and 117-5-11(Continued)

Each Village shall post to each receipts account the estimated amount of money to be received into the account as specified by the County Budget Commission in its official estimate of balance and receipts set in the certificate of estimate resources. This estimated amount shall be entered in the "balance" column under the heading "memoranda." When the monies are received, the amount is first posted to the cash journal as prescribed in rule 117-5-09 of the Administrative Code and then posted to the proper account in the receipts ledger. In posting, the amount shall be entered in the "amount received" column and in the "credit" column and subtracted from the budget estimate amount ("balance"). When properly posted, this "balance" column will accurately show the amount still anticipated to be received for the fiscal year.

At the close of the month, the Village shall rule-off the column entitled "amount received" and enter the total for the month in ink. The total year-to -date shall be entered on the next line and the column shall be ruled off.

We recommend that the Village Clerk maintain a receipts ledger and that the ledger be reconciled to the cash journal each month.

The Village shall maintain an appropriation ledger as follows:

Each Village shall post to each appropriation account an amount equal to the amount appropriated for that account in the annual appropriation resolution. Each expenditure or encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining balance. This procedure should use as the source posting document, an executed purchase order. The name of the vendor as it appears on the purchase order should be entered in the "vendor" column. The amount of the purchase order is entered in the "debit" column and is also subtracted from the unencumbered balance. When the invoice is received from the vendor and a warrant written to meet the obligation, the name of the vendor is again entered and the amount of the warrant is entered in the "amount of warrant" column. If the amount encumbered and the amount of the warrant are exactly the same, no other entry is made. However, if the amount entered in the debit column is different from the amount of the warrant, an adjustment must be made. The amount of the warrant is entered in the "amount of warrant" column; if the warrant is less than the amount entered in the "debit" column, the difference shall be entered in the "credit" column and added to the unencumbered balance column. If there is a standing order or if the invoice is to be paid at the time the purchase order is written, then the name of the vendor is entered and the amount to be paid is entered in the "amount of warrant" column, in the "debit" column, and subtracted from the unencumbered balance.

Appropriate columns shall be totaled and reconciled monthly and yearly.

We recommend that the Village Clerk maintain an appropriation ledger and that the ledger be reconciled to the cash journal each month.

**VILLAGE OF RUTLAND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**FINDING NUMBER 1999-30753-003**

**Noncompliance Citation**

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

In 1998, the following funds were found to have expenditures which exceeded appropriations: General Fund by \$14,073 (21.5%), the Street Construction, Maintenance and Repair Fund by \$6,429 (30.6%), and the State Highway Improvement Fund by \$1,272 (25.4%). Additionally \$279,278 was expended from the FEMA # 2 Fund and \$10,500 from the CDBG Fund without any appropriations to those funds.

In 1999, the following funds were found to have expenditures which exceeded appropriations: General Fund by \$23,651 (40.7%), Street Construction, Maintenance and Repair Fund by \$711 (3.4%), and the Sewer Debt Service Fund by \$2,227 (4.6%). Additionally \$477,045 was expended from the FEMA # 2 Fund and \$210,500 from the CDBG Fund without any appropriations to those funds.

We recommend that Village Council not approve any disbursement of Village funds that are not supported by appropriations.

**FINDING NUMBER 1999-30753-004**

**Noncompliance Citation and Reportable Condition**

Ohio Admin. Code Section 117-5-18, specifies the manner in which a Village shall prepare its annual financial report.

The amounts in the Village's Annual Financial Report did not reconcile to the receipts ledger or appropriation ledger. There were no supporting schedules included in the report, such as budgetary schedules or debt schedules. In addition, there was no consistency in posting line item classifications between years.

We recommend that the Village Clerk prepare and file Annual Financial Reports with the Auditor of State.

**3. FINDINGS FOR FEDERAL AWARDS**

**Reporting**

Finding Number	1999-30753-005
CFDA Title and Number	FEMA -Public Assistance Grant, CFDA # 83.544
Federal Award Number/Year	DR-1227/1998
Federal Agency	Federal Emergency Management Agency
Pass-Through Agency	Ohio Emergency Management Agency

**VILLAGE OF RUTLAND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 1999 AND 1998  
(Continued)**

<b>FINDINGS FOR FEDERAL AWARDS (Continued)</b>
--

**FINDING NUMBER 1999-30753-005 (Continued)**

**Reporting - Noncompliance Citation (Continued)**

For the year ended December 31, 1998, the Village disbursed \$345,565 from the Federal Emergency Management Agency. OMB Circular A-133 §\_\_\_.200(a) and 300§\_\_\_. 300(e) requires entities disbursing over \$300,000 in any fiscal year to ensure that *annual* audits are performed and submitted when due. OMB Circular A-133 §\_\_\_.320(a) requires submitting the audit within nine months of fiscal year end. The Village did not arrange for an audit for the year ended December 31, 1998.

The Village should monitor the amount of Federal assistance received and disbursed annually, as required by A-133 §\_\_\_.300(a). For any year in which Federal disbursements exceed \$300,000, the Village should promptly notify the Auditor of State to schedule an audit. Otherwise, the Village is subject to biennial audit per Ohio Revised Code Section 117.11(A).

**VILLAGE OF RUTLAND  
SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 §.315(b)  
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Explanation if not fully corrected
1997-30753-001	Appropriation ledger improperly maintained	No	Reissued in the current audit as item 1999-30753-002.
1997-30753-002	The annual report was not properly prepared.	No	Reissued in the current audit as item 1999-30753-004.
1997-30753-003	Prior certification of the Clerk was not obtained.	No	Reissued in the current audit as item 1999-30753-001.
1997-30753-004	Receipts ledger improperly maintained.	No	Reissued in the current audit as item 1999-30753-002.
1997-30753-005	Failure to pass an appropriation measure before expenditures were made.	Corrected	
1997-30753-006	Expenditures exceeded appropriations.	No	Reissued in the current audit as item 1999-30753-003.

**VILLAGE OF RUTLAND  
CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 §.315(c)  
DECEMBER 31, 1999 AND 1998**

Finding Number	Planned Corrective Action	Anticipated Compliance Date	Responsible Contact Person
1999-30753-001	Proper use of the purchase orders system and maintenance of an appropriation ledger should prevent this situation from continuing.	January, 2001	Michele Vanaman, Clerk/Treasurer  Jay Dewhurst, Mayor
1999-30753-002	Proper maintenance of the cashbook, receipts ledger, and the appropriation ledger should alleviate this problem in the future.	January, 2001	Michele Vanaman, Clerk/Treasurer  Jay Dewhurst, Mayor
1999-30753-003	Maintenance of the appropriation ledger should prevent expenditures exceeding appropriations.	January, 2001	Michele Vanaman, Clerk/Treasurer  Jay Dewhurst, Mayor
1999-30753-004	Proper maintenance of the receipts ledger and the appropriation ledger should help in the preparing of the annual report.	January, 2001	Michele Vanaman, Clerk/Treasurer  Jay Dewhurst, Mayor
1999-30753-005	Monitor federal expenditures each year and arrange for an audit if those expenditures exceed \$300,000.	January, 2001	Michele Vanaman, Clerk/Treasurer  Jay Dewhurst, Mayor







STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF RUTLAND**

**MEIGS 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  
JANUARY 23, 2001**