



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

February 1, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST
Auditor of State

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RARDEN TOWNSHIP
SCIOTO COUNTY

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Mary Taylor, CPA
Auditor of State

Rarden Township
Scioto County
822 Dry Fork Road
Rarden, Ohio 45671

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 16, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Rarden Township
Scioto County
822 Dry Fork Road
Rarden, Ohio 45671

To the Board of Trustees:

We have audited the accompanying financial statements of Rarden Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. In 2008, the Township processed its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Rarden Township, Scioto County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 16, 2010

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$15,825	\$95,408	\$111,233
Intergovernmental	8,755	129,777	138,532
Earnings on Investments	102		102
Miscellaneous	159	1,866	2,025
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	24,841	227,051	251,892
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	26,217		26,217
Public Safety		50,888	50,888
Public Works		112,083	112,083
Health		5,396	5,396
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	26,217	168,367	194,584
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,376)	58,684	57,308
Fund Cash Balances, January 1	(21,696)	53,734	32,038
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>(\$23,072)</u>	<u>\$112,418</u>	<u>\$89,346</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$10,750</u>	<u>\$10,750</u>

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

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$16,521	\$52,631	\$69,152
Charges for Services		250	250
Intergovernmental	6,673	104,965	111,638
Earnings on Investments	114	2	116
Miscellaneous		600	600
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	23,308	158,448	181,756
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	40,488		40,488
Public Safety		64,098	64,098
Public Works		65,605	65,605
Health		4,844	4,844
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	40,488	134,547	175,035
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(17,180)	23,901	6,721
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	(4,516)	29,833	25,317
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>(\$21,696)</u>	<u>\$53,734</u>	<u>\$32,038</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Rarden Township, Scioto County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Rarden to provide fire and ambulance services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Fire Fund - This fund receives property tax money to provide fire protection services to Township residents.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not use the encumbrance method of accounting.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$89,346</u>	<u>\$32,038</u>

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

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,118	\$24,841	(\$15,277)
Special Revenue	154,473	227,051	72,578
Total	\$194,591	\$251,892	\$57,301

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,422	\$26,217	(\$7,795)
Special Revenue	208,207	179,117	29,090
Total	\$226,629	\$205,334	\$21,295

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,825	\$23,308	(\$18,517)
Special Revenue	168,779	158,448	(10,331)
Total	\$210,604	\$181,756	(\$28,848)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,309	\$40,488	(\$3,179)
Special Revenue	198,612	134,547	64,065
Total	\$235,921	\$175,035	\$60,886

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$7,795 for the year ended December 31, 2009 and in the General Fund, Motor Vehicle License Tax, and Cemetery Funds by \$3,179, \$1,519, and \$3,136, respectively, for the year ended December 31, 2008.

Also contrary to Ohio law, for the year ended December 31, 2009, appropriations exceeded total actual resources in the General, Road and Bridge, Fire, and Ambulance Funds by \$15,277, \$817, \$6,216 and \$10,826, respectively. For the year ended December 31, 2008, appropriations exceeded total actual resources in the General, Fire and Ambulance Funds by \$18,517, \$18,654, and \$35,831, respectively.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

Also contrary to Ohio law, at December 31, 2009, the General, Fire, and Ambulance Funds had a cash deficit balance of \$23,072, \$6,216, and \$6,714, respectively. At December 31, 2008, the General, Fire, and Ambulance Funds had a cash deficit balance of \$21,696, \$15,952, and \$18,205, respectively.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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 Township.

5. Retirement System

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

For 2009 and 2008, OPERS members contributed 10% respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Rarden Township
Scioto County
822 Dry Fork Road
Rarden, Ohio 45671

To the Board of Trustees:

We have audited the financial statements of Rarden Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon December 16, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township used the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions for 2008. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding 2009-07 described in the accompanying Schedule of Findings to be a material weakness.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2009-001 through 2009-006.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 16, 2010.

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

We intend this report solely for the information and use of management, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 16, 2010

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 505.24(C) sets forth the method by which township trustees' compensation should be allocated. This Section is amplified by Ohio Attorney General Opinion 2004-036. This Section requires that compensation of a township trustee must be paid from the Township General Fund or from such other restricted township funds, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion 2004-036 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. There is more than one acceptable method for documenting time and the kinds of services rendered. The administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service(s) performed, in a manner similar to trustees paid per diem compensation. If trustees do not document their time, then no part of salaries may be paid from these other funds. The Township was "directly informed" of the requirements of Ohio Rev. Code Section 505.24(C) in the audit for the years ended December 31, 2007 and 2006, but the audit report was not released until November 10, 2009. Therefore, we are not issuing findings for adjustment for undocumented amounts not charged to the General Fund in 2008 and 2009.

For 2009 and 2008, 100% of Trustee salaries were paid from the Gasoline Tax Fund. The Trustees did not prepare documentation for how they spent their time. It is necessary for township trustees to document their time in order to substantiate that salaries were allocated to the proper funds. Additionally, past due payments to the Bureau of Workers Compensation were also paid entirely from the Gasoline Fund.

We recommend the Township adopt formal administrative procedures regarding documenting the time spent by Trustee's on various duties. Once these administrative procedures are established trustee salaries and related benefits should be charged to the applicable funds in accordance with the timesheets or other similar method of record keeping. Additionally, salary related payments, such as Bureau of Worker's Compensation payments, should be paid in proportionate share from the funds the salaries were paid from. If this matter is not corrected in 2010, possible findings for adjustments could be issued if salaries paid from funds other than the General Fund are not substantiated by appropriate time and effort documentation.

Official's Response: Trustees are now keeping timesheets and a portion of their salary will be paid from the General Fund.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-002 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

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 the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

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. 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 Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not certify the availability of funds prior to purchase commitments. The Township did not have sufficient internal control in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash fund balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also 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 Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-002 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Ohio Revised Code Section 5705.41(D) required to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation

Official's Response: Purchase orders will be provided upon request.

FINDING NUMBER 2009-003

Noncompliance Citation

Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund balance indicates that money from one fund was used to cover expenses of another fund.

At December 31, 2009, the General, Fire, and Ambulance Funds had negative fund balances in the amount of \$23,072, \$6,216, and \$6,714, respectively. At December 31, 2008, the General, Fire, and Ambulance Funds had negative fund balances in the amount of \$21,696, \$15,952, and \$18,205, respectively.

We recommend the Fiscal Officer and Trustees monitor fund activity throughout the year to help prevent future expenditures from exceeding available resources, thus resulting in a cash flow problem.

In regards to the deficit in the Fire and Ambulance Funds, we recommend the Township work with the Village of Rarden to adjust the next payment owed to the Village by the amount overpaid in 2007 for fire and emergency medical services. This should eliminate cash deficits in these funds.

Official's Response: We will make adjustments to Rarden Village. Also, we will limit payments taken out of the General Fund.

FINDING NUMBER 2009-004

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-004 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.36(A)(4) (Continued)

For 2009, total available resources fell below the current level of appropriations in the General, Road and Bridge, Fire, and Ambulance Funds by \$15,277, \$817, \$6,216, and \$10,826, respectively, and the Fiscal Officer did not request a reduced amended certificate from the County Auditor. For 2008, total available resources fell below the current level of appropriations in the General, Fire, and Ambulance Funds by \$18,517, \$18,654, and \$35,831, respectively, and the Fiscal Officer did not request a reduced amended certificate from the County Auditor.

We recommend the Fiscal Officer monitor total available resources (actual receipts plus unencumbered beginning fund balance) more closely throughout the year to determine whether the current level of appropriations is exceeding total available resources. If so, the Fiscal Officer should request a revised amended certificate of estimated resources and then the Board of Trustees should amend appropriations to be in line with the revised amended certificate.

Official's Response: We are working with Local Government Services on this matter.

FINDING NUMBER 2009-005

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

For 2008, the annual appropriation measure was not passed until August 1, 2008.

We recommend the Board of Trustees pass an appropriations resolution each year in a more timely manner as this is the mechanism that drives the level of spending allowed based on resources available. Without an approved appropriation measure, the Township could incur deficit spending.

Official's Response: We will pass appropriation measure at our organizational meeting.

FINDING NUMBER 2009-006

Noncompliance Citation

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

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-006 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)

As of December 31, 2009, expenditures exceeded appropriations in the following fund:

Fund	Appropriations	Expenditures	Variance
General Fund	\$18,422	\$26,217	\$(7,795)

As of December 31, 2008, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Variance
General Fund	\$37,309	\$40,488	\$(3,179)
Motor Vehicle License	5,210	6,729	(1,519)
Cemetery	1,708	4,844	(3,136)

Additionally, the Township did not adopt appropriations until August 1, 2008 so expenditures exceeded appropriations in all funds until that date. The Township's failure to limit expenditures to the amounts appropriated has result in deficit spending.

We recommend the Board of Trustees and Fiscal Officer compare expenditures to appropriations at the legal level of control, currently at the fund/function level, on a monthly basis. If appropriations in addition to those already adopted will be needed, the Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Official's Response: We will monitor this more closely.

FINDING NUMBER 2009-007

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township's UAN balances and annual financial report did not reconcile with the bank balances. Adjustments noted below were necessary to agree reconcile the townships balances at December 31, 2008.

Receipts not posted to the accounting system:

- Interest totaling \$115 in the General Fund.
- Charges for Services totaling \$250 in the Cemetery Fund.
- Intergovernmental totaling \$1,476 in the General Fund.
- Intergovernmental totaling \$9,914 in the Gasoline Tax Fund.
- Intergovernmental totaling \$2,762 in the Fire Fund.
- Intergovernmental totaling \$2,009 in the Ambulance Fund.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-007 (Continued)

Material Weakness (Continued)

Receipts posted to the accounting system twice:

- Taxes in the amount of \$19 in the General Fund.
- Intergovernmental in the amount of \$163 in the General Fund.
- Taxes in the amount of \$9 in the Cemetery Fund.
- Taxes in the amount of \$7 in the Fire Fund.
- Taxes in the amount of \$5 in the Ambulance Fund.
- Taxes in the amount of \$569 in the Motor Vehicle License Fund.
- Intergovernmental in the amount of \$3,225 in the Gasoline Tax Fund.

Checks not posted to the accounting system:

- General Government expenditures totaling \$2,398 in the General Fund.
- Public Works expenditures totaling \$48 in the Gasoline Tax Fund.

Expenditures posted to the accounting system where no check was written:

- Public Works expenditures in the amount of \$536 in the Gasoline Tax Fund.

Additionally, in 2009, the annual financial report (AFR) did not agree to the underlying manual cash receipts ledger and appropriation ledger. Adjustments noted below were necessary to agree the AFR to the Township's ledgers:

- All General Fund receipts were recorded in the AFR as Taxes, but the breakdown per the receipts ledger required reducing taxes \$3,717 and recording \$1,584 to Intergovernmental, \$102 to Interest, and \$2,031 to Miscellaneous Revenue.
- Motor Vehicle License Fund receipts were \$196 more in the AFR than recorded in the receipts ledger.
- All Motor Vehicle License Fund expenditures (\$5,422) were recorded in General Government in the AFR but recorded in Public Works in the appropriation ledger.
- All Gasoline Tax Fund receipts were recorded in the AFR as Taxes, but the breakdown per the receipts ledger required reducing taxes \$92,806 and recording \$91,740 to Intergovernmental and \$1,066 to Miscellaneous Revenue.
- All Gasoline Tax Fund expenditures (\$78,849) were recorded in General Government in the AFR but recorded in Public Works in the appropriation ledger.
- A voided check in the amount of \$668 in the Road and Bridge Fund was recorded as a receipt rather than a reduction of expenditures.
- All Road and Bridge Fund expenditures (\$32,551) were recorded in General Government in the AFR but recorded in Public Works in the appropriation ledger.
- All Cemetery Fund receipts were recorded in the AFR as Taxes, but the breakdown per the receipts ledger required reducing taxes \$944 and recording \$944 to Miscellaneous Revenue.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-007 (Continued)

Material Weakness (Continued)

- All Cemetery Fund expenditures in the amount of \$5,331 were recorded in General Government in the AFR but recorded in Health in the appropriation ledger in the amount of \$5,396.
- All Fire Fund receipts were recorded in the AFR as Taxes, but the breakdown per the receipts ledger required reducing taxes \$646 and recording \$556 to Charges for Services and \$90 to Intergovernmental Revenue.
- All Fire Fund expenditures (\$32,000) were recorded in General Government in the AFR but recorded in Public Safety in the appropriation ledger.
- All Ambulance Fund expenditures in the amount of \$1,888 were recorded in General Government in the AFR but recorded in Public Safety in the appropriation ledger in the amount of \$18,888.

After the above adjustments were posted in order to reconcile the annual financial reports with the bank balance and the underlying accounting ledgers, the following adjustments were required as a result of audit procedures:

In 2008:

- Reclassification of General Fund revenue by reducing Taxes by \$2,227, reducing Miscellaneous Revenue by \$576, and increasing Intergovernmental by \$2,803.
- Recorded Taxes at Gross in the General Fund by increasing taxes and increasing General Government by \$6,466.
- Recording Insurance payment expenditure of \$3,926 in the General Fund - General Government rather than the Gasoline Tax Fund - Public Works.
- Adjustment/Reclassification of Motor Vehicle License Fund revenue by reducing Taxes by \$5,140, reducing Miscellaneous Revenue by \$2,267, increasing Intergovernmental by \$7,973, and reducing Gasoline Tax Fund Miscellaneous Revenue by \$566.
- Reclassification of Cemetery Fund revenue by reducing Taxes and increasing Intergovernmental by \$498.
- Reclassification of Fire Fund revenue by reducing Taxes by \$3,546, reducing Charges for Services by \$556, and increasing Intergovernmental by \$4,102.
- Reclassification of Ambulance Fund revenue by reducing Taxes by \$2,591, reducing Charges for Services by \$417, and increasing Intergovernmental by \$3,008.
- Adjustment of Taxes by reducing Cemetery Fund Taxes by \$16,042, and increasing Fire Fund Taxes by \$4,359 and Ambulance Fund Taxes by \$11,683.

In 2009:

- Reclassification of General Fund revenue by reducing Taxes by \$6,470, reducing Miscellaneous Revenue by \$701, and increasing Intergovernmental by \$7,171.
- Recorded Taxes at Gross in the General Fund by increasing taxes and increasing General Government by \$6,119.
- Recording payment of \$2,900 for accounting fees for reconciliation of 2006 and 2007 ledgers in the General Fund - General Government rather than the Gasoline Tax Fund - Public Works.
- Reclassification of Motor Vehicle Fund revenue by reducing Taxes and increasing Intergovernmental by \$7,714.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2009-007 (Continued)

Material Weakness (Continued)

- Reclassification of Cemetery Fund revenue by reducing Taxes by \$3,984, reducing Miscellaneous Revenue by \$144, and increasing Intergovernmental by \$4,128.
- Reclassification of Road and Bridge Fund revenue by reducing Taxes and increasing Intergovernmental by \$5,973.
- Reclassification of Fire Fund revenue by reducing Taxes by \$11,047, reducing Charges for Services by \$556, and increasing Intergovernmental by \$11,603.
- Reclassification of Ambulance Fund revenue by reducing Taxes and increasing Intergovernmental by \$8,529.
- Adjustment for overpayment made out of the Gasoline Tax Fund Public Works that was recorded as Miscellaneous Revenue in the General Fund for \$1,171 rather than a reduction of Gasoline Tax Fund expenditures.
- An encumbrance in the amount of \$10,750 was recorded in the Gasoline Tax fund for a payment in 2010 that was obligated in 2009.

The Fiscal Officer should reconcile bank balances to the accounting system's fund balances monthly. This reconciliation will not detect misclassifications, but would detect the unposted transactions and inaccurately-recorded amounts described above. Also, to ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to identify and correct errors or omissions.

Official's Response: All balances are not correct in UAN system. I had little records to use to get working balances. I am trying to get everything straightened up with the help of the audit and Local Government Services.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Recommendation regarding fiscal responsibility and monitoring of financial information	No	Reported in a separate letter to Management
2007-002	Recommendation to prepare bank reconciliations	Yes	
2007-003	Recommendation to maintain supporting documentation for nonpayroll expenditures	Yes	
2007-004	Recommendation to maintain timesheets, payroll ledgers, personnel files and to remit tax withholdings	Yes	
2007-005	Recommendation to file claim to have stale dated warrants from the State of Ohio reissued	Yes	
2007-006	Recommendation to post budgeted receipts and appropriations to the accounting system	No	Reported in a separate letter to Management
2007-007	Noncompliance citation with Ohio Rev. Code Section 9.38	No	Reported in a separate letter to Management
2007-008	Noncompliance citation with Ohio Rev. Code Section 117.38	Yes	
2007-009	Noncompliance citation with Ohio Rev. Code Section 149.351(A)	Yes	
2007-010	Noncompliance citation with Ohio Rev. Code Section 505.24(C)	No	Repeated in the accompanying Schedule of Findings as Finding Number 2009-001

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-011	Noncompliance citation with Ohio Rev. Code Section 507.04	Yes	
2007-012	Noncompliance citation with Ohio Rev. Code Section 5705.10(H)	No	Repeated in the accompanying Schedule of Findings as Finding Number 2009-003
2007-013	Noncompliance citation with Ohio Rev. Code Section 5705.34	Yes	
2007-014	Noncompliance citation with Ohio Rev. Code Section 5705.36(A)(1)	Yes	
2007-015	Noncompliance citation with Ohio Rev. Code Section 5705.36(A)(4)	No	Repeated in the accompanying Schedule of Findings as Finding Number 2009-004
2007-016	Noncompliance citation with Ohio Rev. Code Section 5705.38(A)	No	Repeated in the accompanying Schedule of Findings as Finding Number 2009-005
2007-017	Noncompliance citation with Ohio Rev. Code Section 5705.39	Yes	
2007-018	Noncompliance citation with Ohio Rev. Code Section 5705.41(B)	No	Repeated in the accompanying Schedule of Findings as Finding Number 2009-006
2007-019	Noncompliance citation with Ohio Rev. Code Section 5705.41(D)(1)	No	Repeated in the accompanying Schedule of Findings as Finding Number 2009-002
2007-020	Noncompliance citation with Ohio Rev. Code Section 5747.06(A)	Yes	
2007-021	Noncompliance citation with 26 U.S.C. Section 3102(a)	Yes	



Mary Taylor, CPA
Auditor of State

RARDEN TOWNSHIP

SCIOTO 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 1, 2011**