

**VILLAGE OF RARDEN
SCIOTO COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Village Council
Village of Rarden
1350 Main Street
P. O. Box 24
Rarden, Ohio 45671

We have reviewed the *Independent Accountants' Report* of the Village of Rarden, Scioto County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Rarden is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

July 9, 2009

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VILLAGE OF RARDEN
SCIOTO COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

June 19, 2009

Village of Rarden
Scioto County
1350 Main Street
PO Box 24
Rarden, OH 45671

To the Village Council:

We have audited the accompanying financial statements of the **Village of Rarden, Scioto County, Ohio**, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village 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 Village's larger (i.e. major) funds separately. While the Village 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 the State permits, but does not require Villages to reformat their statements. The Village 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.

Village of Rarden
Scioto County
Independent Accountants Report
Page 2

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, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007 or their 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 of the Village of Rarden, Scioto County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 June 19, 2009, 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 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF RARDEN
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>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$ 1,562	\$ 18,303	\$ -	\$ -	\$ 19,865
Intergovernmental	2,391	7,245	-	-	9,636
Charges for Services	10,200	64,098	-	-	74,298
Earnings on Investments	1,695	-	-	-	1,695
Miscellaneous	12,170	2,000	-	3,435	17,605
Total Cash Receipts	<u>28,018</u>	<u>91,646</u>	<u>-</u>	<u>3,435</u>	<u>123,099</u>
Cash Disbursements:					
Current:					
General Government	3,812	3,320	-	-	7,132
Security of Persons and Property	9,358	52,092	-	-	61,450
Public Health Services	930	-	-	-	930
Leisure Time Activities	-	-	-	2,661	2,661
Transportation	-	1,822	-	-	1,822
Total Cash Disbursements	<u>14,100</u>	<u>57,234</u>	<u>-</u>	<u>2,661</u>	<u>73,995</u>
Total Cash Receipts Over/(Under) Disbursements	<u>13,918</u>	<u>34,412</u>	<u>-</u>	<u>774</u>	<u>49,104</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	-	-	-	750	750
Transfers-Out	-	-	(750)	-	(750)
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>(750)</u>	<u>750</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>13,918</u>	<u>34,412</u>	<u>(750)</u>	<u>1,524</u>	<u>49,104</u>
Fund Cash Balances, January 1	<u>15,063</u>	<u>99,621</u>	<u>750</u>	<u>112</u>	<u>115,546</u>
Fund Cash Balances, December 31	<u><u>\$ 28,981</u></u>	<u><u>\$ 134,033</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,636</u></u>	<u><u>\$ 164,650</u></u>

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

**VILLAGE OF RARDEN
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, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 1,307	\$ 17,460	\$ -	\$ -	\$ 18,767
Intergovernmental	2,262	5,755	-	-	8,017
Charges for Services	7,600	57,149	-	-	64,749
Earnings on Investments	3,154	-	-	-	3,154
Miscellaneous	18,149	-	-	1,171	19,320
Total Cash Receipts	<u>32,472</u>	<u>80,364</u>	<u>-</u>	<u>1,171</u>	<u>114,007</u>
Cash Disbursements:					
Current:					
General Government	3,555	6,329	-	-	9,884
Security of Persons and Property	12,104	56,079	-	-	68,183
Public Health Services	990	-	-	-	990
Leisure Time Activities	-	-	-	8,186	8,186
Transportation	-	6,871	-	-	6,871
Capital Outlay	18,525	-	-	-	18,525
Debt Service:					
Redemption of Principal	-	-	9,362	-	9,362
Total Cash Disbursements	<u>35,174</u>	<u>69,279</u>	<u>9,362</u>	<u>8,186</u>	<u>122,001</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(2,702)</u>	<u>11,085</u>	<u>(9,362)</u>	<u>(7,015)</u>	<u>(7,994)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	-	-	9,362	1,000	10,362
Transfers-Out	(1,000)	(9,362)	-	-	(10,362)
Total Other Financing Receipts/(Disbursements)	<u>(1,000)</u>	<u>(9,362)</u>	<u>9,362</u>	<u>1,000</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,702)	1,723	-	(6,015)	(7,994)
Fund Cash Balances, January 1	<u>18,765</u>	<u>97,898</u>	<u>750</u>	<u>6,127</u>	<u>123,540</u>
Fund Cash Balances, December 31	<u>\$ 15,063</u>	<u>\$ 99,621</u>	<u>\$ 750</u>	<u>\$ 112</u>	<u>\$ 115,546</u>

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

**VILLAGE OF RARDEN
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Village of Rarden, Scioto 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 road and bridge maintenance and security of person and property services which include fire protection and ambulance 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 paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The Village has one demand deposit account and no investments.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

Volunteer Fire Fund – This fund receives property tax money to operate a volunteer fire department.

Ambulance Fund – This fund receives property tax money to operate a volunteer ambulance service.

**VILLAGE OF RARDEN
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

These funds account for the accumulation of resources for the payment of note indebtedness. The Village had the following significant Debt Service Fund:

General Obligation Fund – This fund is utilized to repay outstanding debt for the paving and culvert improvement projects, park equipment and the purchase of a fire truck.

3. Capital Projects Fund

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

Capital Improvement Fund – This fund is used to account for monies for the park improvement project.

E. 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, and 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.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled and need re-appropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF RARDEN
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	2008	2007
Demand Deposits	\$ 164,650	\$ 115,546

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 17,407	\$ 28,018	\$ 10,611
Special Revenue	70,700	91,646	20,946
Capital Projects	3,000	4,185	1,185
Total	91,107	123,849	32,742

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 27,670	\$ 14,100	\$ 13,570
Special Revenue	225,292	57,234	168,058
Capital Projects	1,862	2,661	(799)
Debt Service	-	750	(750)
Total	254,824	74,745	180,079

**VILLAGE OF RARDEN
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 15,000	\$ 32,472	\$ 17,472
Special Revenue	78,550	80,364	1,814
Debt Service	-	9,362	9,362
Capital Projects	250	2,171	1,921
Total	\$ 93,800	\$ 124,369	\$ 30,569

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 28,765	\$ 36,174	\$ (7,409)
Special Revenue	171,328	78,641	92,687
Debt Service	9,362	9,362	-
Capital Projects	7,877	8,186	(309)
Total	\$ 217,332	\$ 132,363	\$ 84,969

Contrary to Ohio Rev. Code Section 5705.36, the Village did not obtain a reduced or increased amended certificate for several funds when the actual receipts were greater or less than the budgeted receipts.

Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded the total estimated resources in 2007 for the Street Construction, Maintenance, and Repair Fund, State Highway Fund, Debt Service Fund, and Capital Project Fund in 2007. Appropriations exceeded estimated resources in 2008 for the Fire Fund and the Ambulance Fund.

Contrary to Ohio Rev Code Section 5705.41 (B), expenditures exceeded appropriations for the General Fund, Debt Service Fund, and the Capital Projects Fund in 2007 and the Debt Service Fund and Capital Project Fund in 2008.

Contrary to Ohio Rev. Code Section 5705.41(D), The Village did not properly certify the availability of funds prior to purchase commitment for 37% and 2% of the expenditures tested during 2007 and 2008, respectively.

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.

**VILLAGE OF RARDEN
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. PROPERTY TAX (Continued)

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

5. DEBT

The general obligation note for the purchase of a fire truck was paid off in January 2007. The prior audit reflected an inaccurate outstanding principal balance of \$9,327. Actual outstanding principal balance at December 31, 2006 was \$9,362.

6. RETIREMENT SYSTEMS

The Village's elected officials and employees elected to not participate in PERS. Instead, all elected officials and employees have Social Security withholdings.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage's, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF RARDEN
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31st, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2008</u>
Assets	\$11,136,455	\$ 9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Member Equity	<u>\$ 6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

8. INTERFUND TRANSFERS

In 2008, the Village transferred the balance of the Debt Service Fund to the Capital Projects Fund. The Village extinguished outstanding debt in 2007, and the remaining \$750 balance was transferred to the Capital Projects Fund. The Village transferred receipts collected in the Special Revenue Fire Fund to the Debt Service Fund for loan payments. The Village transferred receipts collected in the General Fund to the Capital Projects Park Fund. The Village met all applicable requirements of Ohio Rev. Code section 5705.14, except for the portion relating to Council approval of transfers.

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

June 19, 2009

Village of Rarden
Scioto County
1350 Main Street
PO Box 24
Rarden, OH 45671

To the Village Council:

We have audited the financial statements of the **Village of Rarden, Scioto County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 19, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-008.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the following significant deficiencies described above are material weaknesses: 2008-007 and 2008-008.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 19, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 that we must report under *Government Auditing Standard*, which is described in the accompanying schedule of findings as items 2008-001 through 2008-005.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF RARDEN
SCIOTO COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 5705.14 states, in part, that money may be transferred from the general fund to any other fund of the subdivision by resolution of the taxing authority. The Village made a transfer during the audit period from the General Fund to the Capital Projects Fund and from the Fire Fund to the Debt Service Fund; however, no approval from the Village Council was noted in the minutes.

We recommend the Village Council approve all transfers made between funds. This approval should document the amounts to be transferred and the funds in which the transfer will occur, and should be documented in Village's minutes.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-002

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

During 2008 and 2007, the Village did not obtain a reduced or increased amended certificate for several funds when the actual receipts were significantly greater or less than the budgeted receipts.

The Village should perform a comparison of the estimated resources and the actual receipts periodically in order to determine whether an amended certificate of estimated resources needs to be obtained.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-003

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2008, total appropriations exceeded the total estimated resources for the Fire Fund and the Ambulance Fund. During 2007, total appropriations exceeded total estimated resources for the Street Construction, Maintenance and Repair Fund, State Highway Fund, Capital Projects Fund, and Debt Service Fund. The Village should monitor appropriations versus estimated resources to help avoid overspending. We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF RARDEN
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-004

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated. Expenditures exceeded appropriations for the General Fund, Debt Service Fund, and Capital Projects Fund in 2007 and the Debt Service Fund and Capital Projects Fund in 2008.

We recommend the Village Clerk-Treasurer modify appropriations with the Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Village Clerk-Treasurer should deny any payments until the legislative authority has passed changes to the appropriation measure.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-005

Noncompliance Citation/Significant Deficiency

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the 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. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority 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 taxing authority.
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.

**VILLAGE OF RARDEN
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING 2008-005 (Continued)

Ohio Revised Code § 5705.41(D) (Continued)

3. Super Blanket Certificate – The entity 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 Village did not properly certify the availability of funds prior to purchase commitment for 37% and 2% of the expenditures tested during 2007 and 2008, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk-Treasurer certify that the funds are, or will be, available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-006

Significant Deficiency

Posting Estimated Revenues and Appropriations

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF RARDEN
SCIOTO COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-007

Significant Deficiency/Material Weakness

Manual Financial Statement Presentation

A monitoring system should be established by the Village Council to help prevent or detect material misstatements on the Village's manual financial statements.

For the fiscal years under audit, there were errors in footing in the combined and combining statements of the annual report, and amounts had been carried forward incorrectly between the statements due to these errors. Some of the footing errors were due to rounding and some errors were due to inaccurate balances carried forward from the prior year's financial statements. Adjustments were made to the financial statements.

The following errors were noted:

- Disbursements made from the Capital Projects Park Fund were posted correctly on the individual fund worksheet, but posted to the incorrect line item in the combined statements.
- Beginning cash balances did not agree with prior year financial statements ending cash balances.

The lack of due care in compiling the financial statements could result in errors of irregularities occurring without being detected in the normal course of business, or on a timely basis.

Diligence should be exercised in compiling the financial statements and care should be taken to ensure that the proper beginning balances are carried forward, rounding is considered and adjusted for in arriving at final totals, and proper totals are carried forward from the combining to the combined statements. When complete the statements should be double-checked for accuracy.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF RARDEN
SCIOTO COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING 2008-008

Significant Deficiency/Material Weakness

Posting Receipts and Expenditures

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2008 and 2007, several receipts and expenditures were not posted into accurate revenue classifications based on the source of the receipt or expenditure. The following posting errors were noted

- Work on park lights was posted as Leisure Time Activities, instead of Security of Persons and Property.
- Purchase of furnace was posted as Security of Persons and Property, instead of Capital Outlay.
- Earnings on Investments receipts were posted as Miscellaneous Receipts and Fines, Licenses and Permits.

Not posting revenues and disbursements accurately resulted in the financial statements requiring numerous adjustments and reclassifications. The financial statements reflect all adjustments and reclassifications.

We recommend the Clerk-Treasurer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF RARDEN
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC Section 5705.41(D) – Disbursements not properly encumbered	No	Not Corrected; Repeated as Finding 2008-005
2006-002	ORC Section 5705.39 – Appropriations exceeded estimated resources	No	Not Corrected; Repeated as Finding 2008-003
2006-003	ORC Section 5705.41(B) – Expenditures exceeded appropriations	No	Not Corrected; Repeated as Finding 2008-004
2006-004	ORC Section 5705.36 – Did not obtain an amended certificate	No	Not Corrected; Repeated as Finding 2008-002
2006-005	ORC Section 117.38 – Incorrect Annual Financial Report	No	Not Corrected; Repeated as Finding 2008-007 as Financial Statement Presentation
2006-006	ORC Section 5705.14 – Improper transfers	No	Not Corrected; Repeated as Finding 2008-001
2006-007	Posting Estimated Revenues	No	Not Corrected; Repeated as Finding 2008-006
2006-008	Posting Revenue and Expenditures	No	Not Corrected; Repeated as Finding 2008-008



Mary Taylor, CPA
Auditor of State

VILLAGE OF RARDEN

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
JULY 21, 2009**