



**RARDEN TOWNSHIP
SCIOTO COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RARDEN TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Rarden Township
Scioto County
P. O. Box 51
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, 1999 and 1998. 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 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 described in Note 1, the Township 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 Rarden Township, Scioto County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2000 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 grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

September 1, 2000

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**RARDEN TOWNSHIP
 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> | | <u>Total (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Local Taxes | \$12,244 | \$32,416 | \$44,660 |
| Intergovernmental | 26,922 | 63,623 | 90,545 |
| Interest | 392 | 473 | 865 |
| Other Revenue | | 450 | 450 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 39,558 | 96,962 | 136,520 |
| Cash Disbursements: | | | |
| Current: | | | |
| Public Works | | 68,788 | 68,788 |
| Public Safety | | 31,703 | 31,703 |
| Health | 3,459 | 3,996 | 7,455 |
| Capital Outlay | | 1,098 | 1,098 |
| General Government | 12,116 | | 12,116 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 15,575 | 105,585 | 121,160 |
| Total Receipts Over/(Under) Disbursements | 23,983 | (8,623) | 15,360 |
| Fund Cash Balances, January 1, 1999 | 17,836 | 40,886 | 58,722 |
| Fund Cash Balances, December 31, 1999 | <u>41,819</u> | <u>32,263</u> | <u>74,082</u> |

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

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

| | <u>Governmental Fund Types</u> | | <u>Total (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Local Taxes | \$10,448 | \$23,288 | \$33,736 |
| Intergovernmental | 3,753 | 68,451 | 72,204 |
| Interest | 362 | 998 | 1,360 |
| Other Revenue | 2,869 | 2,849 | 5,718 |
| | <u>17,432</u> | <u>95,586</u> | <u>113,018</u> |
| Total Cash Receipts | | | |
| | <u>17,432</u> | <u>95,586</u> | <u>113,018</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Public Works | | 116,921 | 116,921 |
| Public Safety | | 18,302 | 18,302 |
| Health | 2,147 | 4,864 | 7,011 |
| Capital Outlay | | 779 | 779 |
| General Government | 17,730 | | 17,730 |
| | <u>19,877</u> | <u>140,866</u> | <u>160,743</u> |
| Total Cash Disbursements | | | |
| | <u>19,877</u> | <u>140,866</u> | <u>160,743</u> |
| Total Receipts Over/(Under) Disbursements | <u>(2,445)</u> | <u>(45,280)</u> | <u>(47,725)</u> |
| Other Financing Sources/(Uses): | | | |
| Transfers-in | | 5,149 | 5,149 |
| Transfers-out | | (5,149) | (5,149) |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Other Financing Sources/(Uses) | | | |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses | (2,445) | (45,280) | (47,725) |
| Fund Cash Balances, January 1, 1998 | <u>20,281</u> | <u>86,166</u> | <u>106,447</u> |
| Fund Cash Balances, December 31, 1998 | <u>\$17,836</u> | <u>\$40,886</u> | <u>\$58,722</u> |

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

**RARDEN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Rarden Township, Scioto County, (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance. 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. 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.

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

C. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township 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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

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

RARDEN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

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

E. 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.

2. EQUITY IN POOLED CASH

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

| | <u>1999</u> | <u>1998</u> |
|-----------------|--------------------|--------------------|
| Demand deposits | <u>\$74,082</u> | <u>\$58,722</u> |

Deposits are insured by the Federal Deposit Insurance Corporation.

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

3. BUDGETARY ACTIVITY

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

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$14,640 | \$39,558 | \$24,918 |
| Special Revenue | 97,400 | 96,962 | (438) |
| Total | \$112,040 | \$136,520 | \$24,480 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$32,476 | \$15,575 | \$16,901 |
| Special Revenue | 138,286 | 105,585 | 32,701 |
| Total | \$170,762 | \$121,160 | \$49,602 |

| 1998 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$11,940 | \$17,432 | \$5,492 |
| Special Revenue | 74,500 | 100,735 | 26,235 |
| Total | \$86,440 | \$118,167 | \$31,727 |

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$32,220 | \$19,877 | \$12,343 |
| Special Revenue | 160,665 | 146,015 | 14,650 |
| Total | \$192,885 | \$165,892 | \$26,993 |

The Township's appropriations exceeded estimated resources in 1999 and 1998.

RARDEN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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 Township.

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.

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Public officials liability

The Township also provides health insurance through a private carrier.



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

Rarden Township
Scioto County
P. O. Box 51
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, 1999 and 1998, and have issued our report thereon dated September 1, 2000. 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 Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40773-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated September 1, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated September 1, 2000.

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

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

Jim Petro
Auditor of State

September 1, 2000

**RARDEN TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-40773-001

Non Compliance Citation

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund does not exceed the total official estimate or amended official estimate.

In 1998 and 1999 appropriations exceeded estimated resources as follows:

| | <u>1999</u> | <u>1998</u> |
|--------------------------------|-------------|-------------|
| General Fund | \$ 17,836 | \$ 20,280 |
| Motor Vehicle License Tax Fund | 4,139 | 8,293 |
| Gasoline Tax Fund | 23,487 | 61,438 |
| Cemetery Fund | 8,924 | 9,377 |
| Fire Fund | 1,649 | 1,371 |
| FEMA Fund | 0 | 5,148 |
| Ambulance Fund | 2,687 | 0 |

We recommend the Township obtain a certificate from the County Auditor that appropriations do not exceed estimated resources before any expenditures are made. We further recommend the Township monitor estimated resources throughout the year and prepare amendments to estimated resources and amended appropriations when there are significant changes in revenue.

**RARDEN TOWNSHIP
CORRECTIVE ACTION PLAN
DECEMBER 31, 1999 AND 1998**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|-----------------------|---|------------------------------------|-----------------------------------|
| 1999-40773-001 | Clerk will monitor estimated resources and appropriations and will obtain certificate from County Auditor prior to expending funds. | Beginning with new fiscal year | Michelle Alexander |

**RARDEN TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain. |
|-----------------------|---|-------------------------|--|
| 1997-40773-001 | Ohio Rev. Code Section 5705.41(B) states that total disbursements from a fund shall not exceed total appropriations | Partially | Amounts were insignificant in current audit period. |



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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
SEPTEMBER 26, 2000**