



**Auditor of State
Betty Montgomery**

RARDEN TOWNSHIP
SCIOTO COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Rarden Township
Scioto County
P.O. Box 51
Rarden, Ohio 45671

To the Board of Township Trustees:

We have audited the accompanying financial statements of the Rarden Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. 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 *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.

The Township's financial transactions were processed using 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 conduct the audit of 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 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 presents fairly, in all material respects, the combined fund cash balances of Rarden Township, Scioto County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2004, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

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Rarden Township
Scioto County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Township Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 20, 2004

**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, 2003**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$10,240	\$41,872	\$52,112
Intergovernmental	7,218	77,952	85,170
Earnings on Investments	10	22	32
Other Revenue		694	694
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	17,468	120,540	138,008
Cash Disbursements:			
Current:			
General Government	145		145
Public Safety		38,337	38,337
Public Works	6,353	95,968	102,321
Health		6,977	6,977
Debt Service:			
Redemption of Principal		4,095	4,095
Interest and Fiscal Charges		329	329
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	6,498	145,706	152,204
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	10,970	(25,166)	(14,196)
Other Financing Receipts:			
Transfers-In	8,216	10,393	18,609
Transfers-Out		(18,609)	(18,609)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	8,216	(8,216)	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	19,186	(33,382)	(14,196)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	216	49,893	50,109
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$19,402	\$16,511	\$35,913

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, 2002**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$12,888	\$40,420	\$53,308
Intergovernmental	4,615	53,971	58,586
Earnings on Investments	26	34	60
Other Revenue	9	794	803
	<u>17,538</u>	<u>95,219</u>	<u>112,757</u>
Total Cash Receipts			
	<u>17,538</u>	<u>95,219</u>	<u>112,757</u>
Cash Disbursements:			
Current:			
General Government	38,822		38,822
Public Safety		20,317	20,317
Public Works		49,964	49,964
Health		5,576	5,576
Debt Service:			
Redemption of Principal	4,135	282	4,417
Interest and Fiscal Charges	511	40	551
	<u>43,468</u>	<u>76,179</u>	<u>119,647</u>
Total Cash Disbursements			
	<u>43,468</u>	<u>76,179</u>	<u>119,647</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(25,930)</u>	<u>19,040</u>	<u>(6,890)</u>
Fund Cash Balances, January 1	<u>26,146</u>	<u>30,853</u>	<u>56,999</u>
Fund Cash Balances, December 31	<u><u>\$216</u></u>	<u><u>\$49,893</u></u>	<u><u>\$50,109</u></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, 2003 AND 2002**

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 and a publicly-elected Clerk. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Rarden to provide ambulance and fire protection 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. 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 Township Clerk places all available funds of the Township in an interest bearing check account.

D. 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 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 for constructing, maintaining and repairing Township roads.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 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>2003</u>	<u>2002</u>
Demand deposits	<u>\$35,913</u>	<u>\$50,109</u>

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,900	\$25,684	\$9,784
Special Revenue	100,670	130,933	30,263
Total	\$116,570	\$156,617	\$40,047

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,050	\$6,498	\$552
Special Revenue	30,100	164,316	(134,216)
Total	\$37,150	\$170,814	(\$133,664)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,321	\$17,538	\$3,217
Special Revenue	100,950	95,219	(5,731)
Total	\$115,271	\$112,757	(\$2,514)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,050	\$43,468	(\$36,418)
Special Revenue	30,100	76,179	(46,079)
Total	\$37,150	\$119,647	(\$82,497)

Contrary to Ohio law, certain liabilities, contracts, and open purchase commitments were not certified by the Clerk prior to obligation. Also, permanent appropriations were not approved; the amounts listed above are the amounts approved as the temporary appropriations.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$36,418, the Motor Vehicle License Tax Fund by \$3,321, the Gasoline Tax Fund by \$20,365, the Cemetery Fund by \$2,076, the Fire Special Levy Fund by \$11,658 and the Ambulance Fund by \$8,659, for the year ended December 31, 2002. Budgetary expenditures also exceeded appropriation authority in the Motor Vehicle License Tax Fund by \$4,788, the Gasoline Tax Fund by \$68,321, the Cemetery Fund by \$4,161, the Fire Special Levy Fund by \$21,750, the Ambulance Fund by \$16,587, and the Federal Emergency Management Agency Fund by \$18,609, for the year ended December 31, 2003.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

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

4. PROPERTY TAX

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

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

5. DEBT

Debt outstanding at December 31, 2003, was as follows:

	Principal	Interest Rate
Road Equipment Note	\$1,932	6.51%
Total	\$1,932	

The road equipment note was issued to finance the purchase of road equipment. The loan is collateralized by the equipment.

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

	Road Equipment Note
Year ending December 31:	
2004	\$1,968
Total	\$1,968

6. RETIREMENT SYSTEMS

The Township's elected 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 2003 and 2002, 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, 2003.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

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

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability and casualty;
- Vehicles;
- Property, including electronic data equipment, and;
- Public officials' liability.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**Auditor of State
Betty Montgomery**

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

Rarden Township
Scioto County
P.O. Box 51
Rarden, Ohio 45671

To the Board of Township 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, 2003 and 2002, and have issued our report thereon dated December 20, 2004, wherein we noted that the Township's financial transactions were processed using 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 conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-001 and 2003-005.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. 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 reportable conditions and, accordingly, would not necessarily disclose the reportable conditions that are also considered to be material weaknesses. We consider item 2003-001 listed above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Township's management in a separate letter dated December 20, 2004.

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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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-002 through 2003-004, 2003-006 and 2003-007. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated December 20, 2004.

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



Betty Montgomery
Auditor of State

December 20, 2004

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Material Weakness

Daily deposits of public funds may not always be possible or practical, however there were numerous instances noted throughout the audit period in which the Township Clerk did not deposit Township funds for several months at a time.

This resulted in inaccurate bank reconciliations due to large amounts of deposits in transit that carried for several months at a time, and additional exposure to theft of cash.

We recommend the Township Clerk deposit on a regular basis.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 505.24 states the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid only from the township general fund or from such funds in proportions as the board may specify by resolution.

The Township had not adopted a resolution in 2002 or 2003 authorizing the amounts of salaries and fringe benefits to be paid from any fund other than the General Fund. Therefore, all should have been paid from the General Fund. However, the Township Trustees were paid 99% from the Gasoline Tax Fund in 2002 and 100% from the Gasoline Tax Fund in 2003. The Board of Township Trustees retroactively adopted a resolution, at their regular meeting, October 30, 2004, indicating that the Township Trustees' salaries would be paid 10% from the General Fund and 90% from the Gasoline Tax Fund for 2002 and 2003. Therefore, an adjustment of \$2,431.95 in 2002, and an adjustment of \$2,819.42 in 2003, was made to increase General Fund expenditures and reduce Gasoline Tax Fund expenditures by the appropriate percentage, as adopted by the Board of Township Trustees.

We recommended the Township adopt a formal resolution at the organizational meeting each year addressing the allocation of total compensation. Each resolution should address the appropriate proportions and funds from which the salaries and fringe benefits are to be paid. Benefits such as health insurance and the employer's portion of retirement and Medicare should be paid out of the same funds, and in the same proportions, as the salaries. The necessary adjustments have been made to the Township's financial statements, as well as their financial records maintained by the clerk.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code Section 5705.28 provides that on or before July 15 in each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding fiscal year.

The budget for 2003 was filed with the Scioto County Auditor on December 30, 2002 and the budget for 2004 was filed on January 21, 2004. There is no evidence in the minute record that these budgets were adopted by the Board of Township Trustees. In addition, the Board of Township Trustees received a letter from the Scioto County Auditor indicating that if the budget is late in the future, the Township's local government funds will be withheld for one full year.

We recommend the Board of Township Trustees adopt a tax budget by the required date each year, and indicate such approval in the minute record.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-004

Noncompliance Citation

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

The following exceptions to this basic requirement are provided by statute:

1. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 (\$3,000 after April 7, 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate: The 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.

All liabilities, contracts, an open purchase commitments were not certified by the Township Clerk prior to the obligation. There was no documentation that a "Then and Now" Certificate was used and subsequently approved by the Board of Township Trustees within the aforementioned 30-day time period. The Township utilizes purchase orders and blanket certificates to certify commitments made. These were not signed by the Township Clerk certifying the availability of funds. Therefore, expenditures tested in 2002 and 2003 were not properly certified.

We recommend that no orders involving the expenditure of money be made unless the Township Clerk has certified that the amount required has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Where prior certification is not practical, we encourage the Township Clerk to utilize "Then and Now" certificates or blanket certificates.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

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

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

FINDING NUMBER 2003-005

Reportable Condition

Annual appropriation resolutions are to be approved by the Township Trustees and filed with the County Auditor each year. These appropriations are then entered into the UAN accounting system by the Township Clerk. This allows the Township to monitor budgeted and actual disbursements throughout the year.

In 2002, the permanent appropriations were not approved by the Township Trustees, nor were they filed with the County Auditor. Temporary appropriations were approved by the Township Trustees, however the amounts entered into the system by the Clerk did not agree to those approved. For 2002, temporary appropriations equaled \$37,150, however amounts posted to the system totaled \$175,770.

In 2003, the permanent appropriations were not approved by the Township Trustees, nor were they filed with the County Auditor. Temporary appropriations were approved by the Township Trustees, however the amounts entered into the system by the Clerk did not agree to those approved. For 2003, temporary appropriations equaled \$37,150, however amounts posted to the system totaled \$166,680.

Appropriations improperly entered into the system do not permit proper monitoring of budgeted and actual disbursements by the Township Clerk or the Township Trustees. In addition, this resulted in disbursements exceeding appropriations in all funds.

FINDING NUMBER 2003-006

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall expend any money unless it has been properly appropriated.

For the year ended December 31, 2002, disbursements exceeded appropriations in the following funds:

Fund	Total Appropriations	Total Disbursements	Variance	Variance %
General	\$7,050	\$43,468	(\$36,418)	(517%)
Motor Vehicle License Tax	\$5,000	\$8,321	(\$3,321)	(66%)
Gasoline Tax	\$21,600	\$41,965	(\$20,365)	(94%)
Cemetery	\$3,500	\$5,576	(\$2,076)	(59%)
Fire Special Levy	\$0	\$11,658	(\$11,658)	N/A
Ambulance	\$0	\$8,659	(\$8,659)	N/A

For the year ended December 31, 2003, disbursements exceeded appropriations in the following funds:

Fund	Total Appropriations	Total Disbursements	Variance	Variance %
Motor Vehicle License Tax	\$5,000	\$9,788	(\$4,788)	(96%)
Gasoline Tax	\$21,600	\$89,921	(\$68,321)	(316%)
Cemetery	\$3,500	\$7,661	(\$4,161)	(119%)
Fire Special Levy	\$0	\$21,750	(\$21,750)	N/A
Ambulance	\$0	\$16,587	(\$16,587)	N/A
FEMA	\$0	\$18,609	(\$18,609)	N/A

We recommend the Township reconcile budgetary amounts posted to the ledgers with the formally adopted budgetary measures and subsequent amendments and ensure actual disbursements are within the appropriated amounts. In addition, expenditures exceeding appropriations should be denied.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

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

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

FINDING NUMBER 2003-007

Noncompliance Citation

Ohio Rev. Code Section 5705.38 states that on or about the first day of each 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 ordinance expenses until April 1.

The Township approved temporary appropriations for each year, however the permanent appropriations were never approved in 2003.

We recommend the Township pass the required appropriations resolutions by the required date. If the Township chooses to adopt temporary appropriations at the beginning of each year, they should do so prior to the first expenditure, and the permanent appropriations must be passed and in place by April 1.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;
2001-40773-001	Ohio Rev. Code Section 505.24, elected officials paid from improper funds	No	Not corrected. Reissued as Finding Number 2003-002.



**Auditor of State
Betty Montgomery**

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800-282-0370
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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
MARCH 24, 2005**