



Dave Yost • Auditor of State

RARDEN TOWNSHIP
SCIOTO COUNTY

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Dave Yost • Auditor of State

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

To the Board of Trustees:

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 10, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Rarden Township
Scioto County
822 Dry Fork Rd.
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, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of Rarden Township, Scioto County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1E, during 2010 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

October 10, 2012

**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, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$17,222	\$100,856	\$118,078
Intergovernmental	22,798	114,616	137,414
Earnings on Investments	409	168	577
Miscellaneous	2,976	1,385	4,361
<i>Total Cash Receipts</i>	<u>43,405</u>	<u>217,025</u>	<u>260,430</u>
Cash Disbursements			
Current:			
General Government	25,359	4,891	30,250
Public Safety		55,904	55,904
Public Works		122,299	122,299
Health		16,499	16,499
Debt Service:			
Principal Retirement		5,837	5,837
Interest and Fiscal Charges		2,023	2,023
<i>Total Cash Disbursements</i>	<u>25,359</u>	<u>207,453</u>	<u>232,812</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,046</u>	<u>9,572</u>	<u>27,618</u>
<i>Fund Cash Balances, January 1</i>	<u>(22,183)</u>	<u>99,914</u>	<u>77,731</u>
Fund Cash Balances, December 31			
Restricted	0	109,486	109,486
Unassigned (Deficit)	(4,137)	0	(4,137)
<i>Fund Cash Balances, December 31</i>	<u><u>(\$4,137)</u></u>	<u><u>\$109,486</u></u>	<u><u>\$105,349</u></u>

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

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$15,901	\$100,122	\$116,023
Intergovernmental	6,843	119,483	126,326
Earnings on Investments	107		107
Miscellaneous		4,095	4,095
<i>Total Cash Receipts</i>	<u>22,851</u>	<u>223,700</u>	<u>246,551</u>
Cash Disbursements			
Current:			
General Government	23,822	12,208	36,030
Public Safety		70,741	70,741
Public Works		140,550	140,550
Health		13,913	13,913
Capital Outlay		33,000	33,000
Debt Service:			
Principal Retirement		1,853	1,853
Interest and Fiscal Charges		767	767
<i>Total Cash Disbursements</i>	<u>23,822</u>	<u>273,032</u>	<u>296,854</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(971)</u>	<u>(49,332)</u>	<u>(50,303)</u>
Other Financing Receipts (Disbursements)			
Sale of Notes		33,000	33,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>33,000</u>	<u>33,000</u>
<i>Net Change in Fund Cash Balances</i>	(971)	(16,332)	(17,303)
<i>Fund Cash Balances, January 1 (Restated-Note 8)</i>	<u>(21,212)</u>	<u>116,246</u>	<u>95,034</u>
Fund Cash Balances, December 31			
Restricted	0	99,914	99,914
Unassigned (Deficit)	<u>(22,183)</u>	<u>0</u>	<u>(22,183)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$22,183)</u></u>	<u><u>\$99,914</u></u>	<u><u>\$77,731</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, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

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

B. Accounting Basis

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

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

C. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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. The Township did not use the encumbrance method of accounting.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

RARDEN TOWNSHIP
SCIOTO COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

	2011	2010
Demand deposits	\$105,349	\$77,731

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

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,117	\$43,405	\$21,288
Special Revenue	277,722	217,025	(60,697)
Total	\$299,839	\$260,430	(\$39,409)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,117	\$25,359	(\$3,242)
Special Revenue	220,722	207,453	13,269
Total	\$242,839	\$232,812	\$10,027

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,293	\$22,851	\$4,558
Special Revenue	329,847	256,700	(73,147)
Total	\$348,140	\$279,551	(\$68,589)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,293	\$23,822	(\$5,529)
Special Revenue	296,847	273,032	23,815
Total	\$315,140	\$296,854	\$18,286

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$3,242 and in the Road and Bridge Fund by \$3,400 for the year ended December 31, 2011 and in the General Fund by \$5,529, Gasoline Fund by \$4,635 and Road and Bridge Fund by \$810 for the year ended December 31, 2010. Also contrary to Ohio law, appropriations exceeded estimated resources in the General, Fire and EMS Funds by \$16,478, \$6,216, and \$6,754 respectively, for the year ended December 31, 2011 and in the General, Fire and EMS Funds by \$12,515, \$6,208, and \$6,710, respectively, for the year ended December 31, 2010. Further, contrary to Ohio law, appropriations exceeded actual resources in the General, Fire and EMS Funds by \$895, \$4,081, and \$5,014, respectively, for the year ended December 31, 2011 and in the General, Motor Vehicle License, Fire and EMS Funds by \$16,654, \$911, \$7,074, and \$7,115 respectively for the year ended December 31, 2010. Finally, contrary to Ohio law, at December 31, 2011, the General Fund had a cash deficit balance of \$4,137 and at December 31, 2010, the General Fund, Fire Fund and EMS Fund had deficit cash balances of \$22,183, \$6,216, and \$6,754, respectively.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Property Tax

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

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, 2011 was as follows:

	Principal	Interest Rate
Truck Note	\$25,309	7%

The Township issued notes to finance the purchase of a truck for Township road maintenance. The Township's taxing authority collateralized the notes.

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

Year ending December 31:	Truck Note
2012	\$7,861
2013	7,861
2014	7,861
2015	5,242
Total	\$28,825

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

8. Fund Balance Restatement

Long outstanding checks were voided, resulting in an increase to fund balances at January 1, 2010 as follows:

	12/31/2009 Audited Balance	1/1/2010 Restated Balance
General Fund	(\$23,072)	(\$21,212)
Special Revenue Funds	112,418	116,246
	\$89,346	\$95,034



Dave Yost • Auditor of State

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

Rarden Township
Scioto County
822 Dry Fork Rd.
Rarden, Ohio 45671

To the Board of Trustees:

We have audited the financial statements of Rarden Township, Scioto County, Ohio (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated October 10, 2012 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. In addition, we noted the Township has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-07 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2011-01 through 2011-06.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 10, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

October 10, 2012

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-01

Noncompliance Citation

Ohio Rev. Code Section 505.24(C) sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General Opinion 2004-036. This section requires that compensation of a township trustee must be paid from the Township General Fund or from such other restricted township funds, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion 2004-036 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. There is no one method for documenting time and the kinds of services rendered. The administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service(s) performed, in a manner similar to trustees paid per diem compensation. This Attorney General Opinion was issued prior to the certification requirements of Ohio Revised Code Section 505.24, effective September 29, 2011, however, it is still applicable to audit periods prior to September 2011.

The Trustees documented their time on time sheets, however, the allocation of salaries did not agree to the types of work performed. As a result, the Gasoline Fund paid \$4,660 for services that should have been paid from the General Fund (\$1,187) and Cemetery Fund (\$3,473) in 2010. The Gasoline Fund paid \$783 and the Cemetery Fund paid \$215 for services that should have been paid from the General Fund (\$998) in 2011.

The audited financial statements have been adjusted to reflect the correct salary allocation.

We recommend the Trustees salary be paid according to the actual allocation of time spent on various township functions. Beginning in September 2011, this would include signing a certification of the allocation of payroll.

FINDING NUMBER 2011-02

Noncompliance Citation

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

At December 31, 2010, the General, Fire, and EMS Funds had a negative fund balance in the amount of \$22,183, \$6,216, and \$6,754, respectively. At December 31, 2011, the General Fund had a negative fund balance in the amount of \$4,137.

We recommend the Township Fiscal Officer and Township Trustees monitor fund activity throughout the year to help prevent future expenditures from exceeding available resources.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-03

Noncompliance Citation

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

Appropriations exceeded actual resources at December 31, 2011 as follows:

	Actual resources	Appropriations	Variance
General	\$21,222	\$22,117	\$ 895
Fire	30,919	35,000	4,081
EMS	24,986	30,000	5,014

Appropriations exceeded actual resources at December 31, 2010 as follows:

	Actual resources	Appropriations	Variance
General	\$ 1,639	\$18,293	\$16,654
MVL	13,754	14,665	911
Fire	31,926	39,000	7,074
EMS	25,885	33,000	7,115

This could result in spending greater than actual resources resulting in deficit fund balances.

We recommend the Fiscal Officer obtain a reduced certificate of estimated resources when it is determined that actual resources will be below the level of appropriation and the Trustees correspondingly adopt reduced appropriations as necessary.

FINDING NUMBER 2011-04

Noncompliance Citation

Ohio Rev. Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded estimated resources in the following funds at December 31, 2011:

	Estimated resources	Appropriations	Variance
General	\$5,639	\$22,119	\$16,478
Fire	28,784	35,000	6,216
EMS	23,246	30,000	6,754

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-04 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.39 (Continued)

Appropriations exceeded estimated resources in the following funds at December 31, 2010:

	Estimated resources	Appropriations	Variance
General	\$5,778	\$18,293	\$12,515
Fire	32,792	39,000	6,208
EMS	26,290	33,000	6,710

This could result in spending greater than available resources resulting in deficit fund balances.

We recommend the Fiscal Officer monitor estimated resources and appropriations to ensure appropriations do not exceed estimated resources. If necessary, reduced appropriations should be approved by the Trustees.

FINDING NUMBER 2011-05

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations at December 31, 2011 in the following funds:

Fund	Expenditures	Appropriations	Variance
General	\$25,359	\$22,117	\$3,242
Road and Bridge	40,400	37,000	3,400

Expenditures exceeded appropriations at December 31, 2010 in the following funds:

Fund	Expenditures	Appropriations	Variance
General	\$23,822	\$18,293	\$5,529
Gasoline	147,919	143,284	4,635
Road and Bridge	32,810	32,000	810

This has resulted in the General Fund having a deficit balance and could result in other funds making expenditures that exceed available resources.

We recommend the Township Trustees monitor spending to ensure expenditures do not exceed appropriations.

RARDEN TOWNSHIP
SCIOTO COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)

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

FINDING NUMBER 2011-06

Noncompliance Citation

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

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

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

The Township did not encumber any transactions for 2010 and 1011. Purchase orders were prepared as required by the Uniform Accounting Network, however, none were signed by the Trustees or certified by the Fiscal Officer. Failure to certify the availability of funds properly can result in overspending funds and negative cash balances.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-06 (Continued)

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

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used, and approved by resolution of the Township Trustees, where applicable.

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

FINDING NUMBER 2011-07

Material Weakness

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

The Township's UAN balances and annual financial report did not reconcile with the bank balances.

Adjustments noted below were necessary to reconcile the townships UAN Annual Financial Report balances at December 31, 2010:

- Balances at January 1, 2010 were increased \$5,931 in the General Fund, \$2,373 in the Road and Bridge Fund, and \$8,160 in the Cemetery Fund. The January 1, 2010 balances were decreased \$801 in the Motor Vehicle License (MVL) Fund, \$39,925 in the Gasoline Fund, and \$40 in the Ambulance Fund. This was necessary to agree the beginning balances to the prior audited ending balances.
- Expenditures were reduced \$3,329 in the MVL Fund-Public Works, \$35,762 in the Gasoline Fund-Public Works, \$7,024 in the Gasoline Fund-Public Works, and \$3,885 in the Cemetery Fund-Health due to recording a check that was written to open a new bank account. Since this check was from one account to another account, it was not actually a disbursement.
- Expenditures were increased \$3,790 in the Gasoline Fund-Public Works for checks that cleared the bank that were not recorded in the UAN system.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-07 (Continued)

Material Weakness (Continued)

- Once the 2010 financial statements were reconciled, long outstanding checks that were no longer carried in the UAN system were considered void, resulting in a beginning balance restatement to January 1, 2010 balances as an increase of \$1,860 to the General Fund, \$296 to the MVL Fund, and \$3,532 in the Gasoline Fund.

Adjustments noted below were necessary to reconcile the Township's UAN Annual Financial Report balances at December 31, 2011:

- Balances at January 1, 2011 were decreased \$500 in the General Fund, \$105 in the Gasoline Fund, and \$50 in the Cemetery Fund. The January 1, 2011 balance was increased \$596 in the MVL Fund. This was necessary do to fund balance adjustments made by the Fiscal Officer in 2011 in addition to the adjustments noted in 2010 above.
- Interest receipts of \$16 and Miscellaneous receipts of \$74 were not posted to the UAN system in the General Fund. Additionally, bank fees of \$29 were not posted to General Government in the General Fund.
- Miscellaneous Receipts were reduced \$3,329 in the MVL Fund, \$42,786 in the Gasoline Fund, and \$3,885 in the Cemetery Fund due to posting a receipt when the new bank account was opened. Since the deposit was from another bank account, it is not actually a receipt.
- Expenditures were reduced \$1,965 in the Gasoline Fund-General Government for posting 15 debt payments in the UAN system rather than the 12 that were automatic deductions from the bank account.

Once the financial statements were reconciled to the bank, the following audit adjustments were noted throughout testing for the year ended December 31, 2010 as follows:

- Homestead and Rollback and other Intergovernmental receipts were incorrectly posted as Taxes in the General Fund in the amount of \$5,940, in the Cemetery in the amount of \$3,438, in the Road and Bridge Fund in the amount of \$6,061, in the Fire Fund in the amount of \$7,170 and in the Ambulance Fund in the amount of \$6,119. Intergovernmental receipts were posted as Charges for Services in the Fire Fund in the amount of \$556 and in the Ambulance Fund in the amount of \$417.
- Taxes were posted at net resulting in an increase to Taxes receipts and General Government expenditures in the amount of \$6,293 in the General Fund.
- Intergovernmental receipts were posted as Taxes in the MVL Fund in the amount of \$7,075. Additionally, a Gasoline Fund Intergovernmental receipt of \$757 was incorrectly posted as Taxes in the MVL Fund.
- Public Works expenditures were incorrectly posted as General Government in the Gasoline Fund in the amount of \$20,354.
- Debt proceeds were not recorded as Proceeds of Notes or as Capital Outlay expenditures in the amount of \$33,000 in the Gasoline Fund.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-07 (Continued)

Material Weakness (Continued)

- A voided check in the amount of \$59 was not listed as void in the UAN system, nor listed as outstanding in the MVL Fund.
- Trustees were not paid according to the allocation on their timesheets resulting in an increase to General Fund-General Government expenditures of \$1,187 and Cemetery Fund-Health expenditures of \$3,473 and a decrease to Gasoline Fund-Public Works expenditures of \$4,660.
- The Assistant to the Fiscal Officer was incorrectly paid from the Gasoline Fund and MVL Fund resulting in an increase to General Fund-General Government expenditures of \$2,300 and a decrease of Gasoline Fund-Public Works expenditures of \$1,900 and MVL Fund-Public Works expenditures of \$400.
- The payroll withholdings and employer matching amounts were incorrectly paid from the Gasoline Fund rather than based on the actual funds salaries were paid from. This resulted in an increase to General Fund-General Government expenditures and a decrease to Gasoline Fund-Public Works expenditures of \$3,074.
- Audit costs for the 2008-2009 audit were paid entirely out of the Gasoline Fund. Using receipts as a reasonable basis to allocate costs, the General Fund should have paid \$505 of those costs resulting in an increase to General Fund-General Government and a decrease to Gasoline Fund-Public Works.
- Debt payments of \$2,620 were posted as General Government of \$1,310 and Public Works of \$1,310 rather than Principal of \$1,847 and Interest of \$773 in the Gasoline Fund.

The following audit adjustments were noted throughout testing for the year ended December 31, 2011 as follows:

- Homestead and Rollback and other Intergovernmental receipts were incorrectly posted as Taxes in the General Fund in the amount of \$5,607, in the Cemetery in the amount of \$3,060, in the Road and Bridge Fund in the amount of \$5,943, in the Fire Fund in the amount of \$6,485 and in the Ambulance Fund in the amount of \$5,606.
- Taxes were posted at net resulting in an increase to Taxes receipts and General Government expenditures in the amount of \$6,383 in the General Fund.
- Stumpage receipts were incorrectly posted as Miscellaneous receipts rather than Intergovernmental receipts in the amount of \$17,010 in the General Fund.
- Intergovernmental receipts were posted as Taxes in the MVL Fund in the amount of \$7,708.
- Public Works expenditures were incorrectly posted as General Government in the Gasoline Fund in the amount of \$11,987.
- Voided checks in the amount of \$48 in the MVL Fund-Public Works and \$13 in the Cemetery Fund-Health were not listed as void in the UAN system, nor listed as outstanding in the MVL Fund.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-07 (Continued)

Material Weakness (Continued)

- Trustees were not paid according to the allocation on their timesheets resulting in an increase to General Fund-General Government expenditures of \$998 and a decrease to Gasoline Fund-Public Works expenditures of \$783 and Cemetery Fund-Health expenditures of \$215. Additionally, salaries were posted to General Government instead of Health expenditures in the Cemetery Fund in the amount of \$6,109 and instead of Public Works expenditures in the amount of \$200 in the Road and Bridge Fund.
- The Assistant to the Fiscal Officer was incorrectly paid from the Gasoline Fund resulting in an increase to General Fund-General Government expenditures and a decrease of Gasoline Fund-Public Works expenditures of \$600.
- The payroll withholdings and employer matching amounts were incorrectly paid from the Gasoline Fund rather than based on the actual funds salaries were paid from. This resulted in an increase to General Fund-General Government expenditures and a decrease to Gasoline Fund-Public Works expenditures of \$3,253.
- Debt payments of \$7,860 were posted as General Government of \$6,550 and Public Works of \$1,310 rather than Principal of \$5,837 and Interest of \$2,023 in the Gasoline Fund.

The audited financial statements have been adjusted for the issues noted above.

We recommend the Fiscal Officer correct the balances in the UAN system and prepare accurate monthly reconciliations. Further, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township to ensure the Township's financial statements and notes to the financial statements are complete and accurate.

Official's Response: We did not receive a response from Officials to the findings reported above.

**RARDEN TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Noncompliance Citation with Ohio Rev. Code Section 505.24(C)	No	Not Corrected - Reissued in the accompanying Schedule of Findings as Finding Number 2011-01
2009-002	Noncompliance Citation with Ohio Rev. Code Section 5705.41(D)(1)	No	Not Corrected - Reissued in the accompanying Schedule of Findings as Finding Number 2011-06
2009-003	Noncompliance Citation with Ohio Rev. Code Section 5705.10(H)	No	Not Corrected - Reissued in the accompanying Schedule of Findings as Finding Number 2011-02
2009-004	Noncompliance Citation with Ohio Rev. Code Section 5705.36(A)(4)	No	Not Corrected - Reissued in the accompanying Schedule of Findings as Finding Number 2011-03
2009-005	Noncompliance Citation with Ohio Rev. Code Section 5705.38(A)	Yes	
2009-006	Noncompliance Citation with Ohio Rev. Code Section 5705.41(B)	No	Not Corrected - Reissued in the accompanying Schedule of Findings as Finding Number 2011-05
2009-007	Material Weakness for incorrect posting and lack of correct bank reconciliations	No	Not Corrected - Reissued in the accompanying Schedule of Findings as Finding Number 2011-07

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Dave Yost • Auditor of State

RARDEN TOWNSHIP

SCIOTO COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2012**