



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF RARDEN
SCIOTO COUNTY
DECEMBER 31, 2022 AND 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Village of Rarden
Scioto County
1693 Main Street
Rarden, Ohio 45671

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Rarden, Scioto County, (the Village), as of and for the years ended December 31, 2022 and 2021. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2022-009 through 2022-011 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2022-001 through 2022-008.

Village's Response to Findings

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

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

Keith Faber
Auditor of State
Columbus, Ohio
November 30, 2023

Village of Rarden, Ohio

Scioto County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2022

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$8,607	\$11,689	\$20,296
Intergovernmental	6,588	32,234	38,822
Charges for Services	569	125,839	126,408
Earnings on Investments	284	562	846
Miscellaneous	2,360	0	2,360
<i>Total Cash Receipts</i>	18,408	170,324	188,732
Cash Disbursements			
Current:			
Security of Persons and Property	5,848	70,986	76,834
Basic Utility Services	3,412		3,412
Transportation		2,702	2,702
General Government	4,503	1,026	5,529
<i>Total Cash Disbursements</i>	13,763	74,714	88,477
<i>Excess of Receipts Over (Under) Disbursements</i>	4,645	95,610	100,255
<i>Fund Cash Balances, January 1</i>	9,962	371,479	381,441
<i>Fund Cash Balances, December 31</i>	\$14,607	\$467,089	\$481,696

See accompanying notes to the basic financial statements

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Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Rarden (the Village), Scioto County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides road and bridge maintenance, security of person and property services which includes fire protection and ambulance services.

The Village was declared in Fiscal Caution by the Auditor of State's Office on October 17, 2013 under Section 118.025(A) of the Ohio Revised Code. The Village's management has prepared and submitted an acceptable plan to the Auditor of States Office and is working to implement changes as submitted.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Volunteer Fire Fund This fund accounts for fire contract and levy monies restricted for the operation of the volunteer fire department.

Ambulance Fund This fund accounts for ambulance contract and levy monies restricted for the operation of the volunteer ambulance service.

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Village 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 2022 budgetary activity appears in Note 3.

Deposits

The Village maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

Capital Assets

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 Village 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,746	\$18,408	\$3,662
Special Revenue	131,705	170,324	38,619
Total	\$146,451	\$188,732	\$42,281

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$20,760	\$13,763	\$6,997
Special Revenue	185,395	74,714	110,681
Total	\$206,155	\$88,477	\$117,678

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit accounts are as follows:

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$481,696

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Village

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

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Social Security

All Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The Village is currently not party to any legal proceedings.

Note 9 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Village had no nonspendable fund balances or outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Rarden, Ohio*Scioto County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2021*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$9,236	\$12,531	\$21,767
Intergovernmental	5,432	23,211	28,643
Charges for Services	24	118,830	118,854
Earnings on Investments	132	224	356
Miscellaneous	480	47	527
<i>Total Cash Receipts</i>	<u>15,304</u>	<u>154,843</u>	<u>170,147</u>
Cash Disbursements			
Current:			
Security of Persons and Property	7,978	78,444	86,422
Basic Utility Services	858		858
Transportation		3,351	3,351
General Government	5,285	1,147	6,432
<i>Total Cash Disbursements</i>	<u>14,121</u>	<u>82,942</u>	<u>97,063</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,183</u>	<u>71,901</u>	<u>73,084</u>
<i>Fund Cash Balances, January 1</i>	<u>8,779</u>	<u>299,578</u>	<u>308,357</u>
<i>Fund Cash Balances, December 31</i>	<u>\$9,962</u>	<u>\$371,479</u>	<u>\$381,441</u>

See accompanying notes to the basic financial statements

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Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Rarden (the Village), Scioto County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides road and bridge maintenance, security of person and property services which includes fire protection and ambulance services.

The Village was declared in Fiscal Caution by the Auditor of State's Office on October 17, 2013 under Section 118.025(A) of the Ohio Revised Code. The Village's management has prepared and submitted an acceptable plan to the Auditor of States Office and is working to implement changes as submitted.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

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The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

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Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Volunteer Fire Fund This fund accounts for fire contract and levy monies restricted for the operation of the volunteer fire department.

Ambulance Fund This fund accounts for ambulance contract and levy monies restricted for the operation of the volunteer ambulance service.

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Village 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 2021 budgetary activity appears in Note 3.

Deposits

The Village maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

Capital Assets

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 Village 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$16,476	\$15,304	(\$1,172)
Special Revenue	113,904	154,843	40,939
Total	\$130,380	\$170,147	\$39,767

Fund Type	Authority	Expenditures	Variance
General	\$15,860	\$14,121	\$1,739
Special Revenue	111,394	82,942	28,452
Total	\$127,254	\$97,063	\$30,191

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit accounts are as follows:

	<u>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$381,441

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Village.

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

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Social Security

All Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The Village is currently not party to any legal proceedings.

Village of Rarden, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Village had no nonspendable fund balances or outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

VILLAGE OF RARDEN
SCIOTO COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

<i>Finding Number</i>	2022-001
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Noncompliance

Ohio Rev. Code § 5705.41(D) provides that fiscal officers may prepare so-called "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance adopted by 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.

In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The Village did not have a resolution or ordinance adopted by the Village Council establishing amounts for "blanket" certificates. This could result in certificates not being compliant with Ohio Revised Code requirements.

The use of blanket certificates and super blanket certificates should be authorized by a resolution or ordinance adopted by the Village Council. This authorization should establish a maximum amount.

Officials' Response: The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-002
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Noncompliance

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required meet the obligation or, the case of continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made 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 encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer'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 Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

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

<i>Finding Number</i>	2022-002 (Continued)
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Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units 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 Village.

2.Blanket Certificate – The auditor or fiscal officer 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 Village Council 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 4 out of 18 transactions tested for December 31, 2021 & 5 out of 17 transactions tested for December 31, 2022, were not certified by the Village Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, the Village Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

Officials’ Response:

The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-003
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Noncompliance

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described unless the treasurer annually provides a notice of exemption.

The Village Fiscal Officer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State’s office in fiscal year 2021.

<i>Finding Number</i>	2022-003 (Continued)
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In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Village Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

Officials' Response:

The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-004
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Noncompliance

Ohio Rev. Code § 733.27 states village officers shall attend annual training programs for new village fiscal officers and annual continuing education programs provided by the Auditor of State. The Auditor of State interprets this section as requiring a newly-elected fiscal officer to attend the new fiscal officer's training offered by the Auditor of State between December 1 and the following February 15, and any other annual training offered by the Auditor of State. Continuing fiscal officers must attend the annual update sessions only.

There was no indication that the Village Fiscal Officer attended the required training during 2022 or 2021. This could cause the Village to be in noncompliance of Ohio Revised Code.

The Village Fiscal Officer should make arrangements to attend the required annual training offered by the Auditor of State.

Officials' Response:

The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-005
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Noncompliance

Ohio Rev. Code §733.81 requires a newly elected or appointed fiscal officer to complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed within the fiscal officer's first term. Twelve hours of training shall be completed for each subsequent term. Consider the following training guidelines:

- Training obtained under Ohio Revised Code Section 117.44, 109.43 or 135.22 can be applied to the required hours.
- For fiscal officers who are appointed to fill a vacancy, these requirements shall be required proportionate to the time remaining in the vacated office.
- Two hours of ethics instruction shall be included in the continuing education requirements for each term.
- CPAs serving as a fiscal officer may apply hours of continuing education completed under Ohio Revised Code Section 4701.11.

<i>Finding Number</i>	2022-005 (Continued)
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- Fiscal officers who teach approved continuing education course(s) may apply that credit in the same manner as if they had attended the course.

The Auditor of State is responsible for conducting education programs and continuing education courses for fiscal officers. Training may also be conducted by the Ohio township association or Ohio municipal league if approved by the Auditor of State. The Auditor of State shall also verify completion of initial education programs and continuing education courses. Certificates of completion shall be issued by the Auditor of State. A “failure to complete” notice will be issued by the Auditor of State for those fiscal officers who fail to complete the requirements. The notice is issued at two deadlines: 1) if newly-elected fiscal officers do not complete 6 hours of training during their first year of office, and 2) if any fiscal officer does not complete their required total hours by the end of their term. This does not affect the individual’s ability to hold office and is for informational purposes only.

The Village Fiscal Officer had not created an account to input her training data into the Fiscal Integrity Act Portal for the Village. Failure to complete training and report to the Fiscal Integrity Act portal could cause noncompliance with the Ohio Revised Code.

The Village Fiscal Officer should complete the required training as prescribed by Ohio Revised Code and input that training into the Fiscal Integrity Act portal.

Officials’ Response:

The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-006
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Noncompliance

Ohio Rev. Code § 117.103(B)(1) states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Since May 4, 2012, Ohio Rev. Code § 117.103(B)(2), has also required each public office to make all its employees aware of the fraud-reporting system. Ohio Rev. Code § 117.103(B)(3) provides that a public office satisfies these notification requirements by providing information about the fraud-reporting system and means of reporting fraud in the employee handbook or manual. Employees must sign and verify receipt of the handbook or manual.

For 2022 and 2021, the Village neither made its current elected officials aware of the fraud reporting system nor made them confirm receipt of this information. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to prevent unreported instances of fraud, the Village should communicate the fraud reporting system to its current employees and implement a process for informing new employees.

Officials’ Response:

The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-007
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Noncompliance

Ohio Rev. Code § 149.43(B)(2) states that the entity shall have available a copy of its current records retention schedule at a location readily available to the public.

The Village did not have a formal records retention policy developed and approved by Council. Without a proper policy in effect, this could result in the improper disposal of public records.

The Village should adopt a records retention policy and schedule which is in compliance with Ohio Revised Code Requirements and be made readily available to the public.

Officials' Response:

The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-008
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Noncompliance

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

All (100%) of the Village's elected officials with terms ending in 2021 and 2022, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

Officials' Response:

The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-009
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Internal Control Deficiency

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

<i>Finding Number</i>	2022-009 (Continued)
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Sound financial reporting is the responsibility of the Village Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statement is complete and accurate. Due to deficiencies in internal control, the Village misclassified and misposted various receipts and disbursements to the annual financial report submitted to the Auditor of State for fiscal years 2022 and 2021 as follows:

On the December 31, 2022 financial statements:

- In the General Fund, Tax receipts were overstated by \$242.
- In the General Fund, Intergovernmental receipts were understated by \$346.
- In the Fire Fund, Tax receipts were overstated by \$242.
- In the Fire Fund, Intergovernmental receipts were understated by \$220.
- In the Emergency Medical Services Fund, Tax receipts were overstated by \$242.
- In the Emergency Medical Services Fund, Intergovernmental receipts were understated by \$160.
- A disbursement for \$1,200 was posted to the Fire Fund for EMS training. This should have been posted to the Emergency Medical Services Fund. This caused Fire Fund Security of Persons and Property disbursements to be overstated by this amount and Emergency Medical Services Fund Security of Persons and Property disbursements to be understated by this amount.

On the December 31, 2021 financial statements:

- In the General Fund, Intergovernmental receipts were understated by \$346.
- In the Fire Fund, Intergovernmental receipts were understated by \$220.
- In the Street Construction Fund, Intergovernmental receipts were overstated by \$671.
- In the State Highway Fund, Intergovernmental receipts were overstated by \$54.
- In the Emergency Medical Services Fund, Intergovernmental receipts were understated by \$159.

The Village has adjusted the financial statements and accounting system to correct these errors. Failure to accurately post financial activity can lead to material misstatements in financial reporting, and increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Village Fiscal Officer and Council to identify and correct errors and omissions. We also recommend the Village Fiscal Officer take care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the Village's receipts and expenditures.

Officials' Response:

The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-010
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Internal Control Deficiency

The Village provided ambulance services for the Village and Rarden Township throughout the audit period. The Village entered into an agreement with MediCount, for third-party administration of medical claims during 2012. At this time, they also changed the procedures for submission of run sheets and appointed a liaison within the department to work with MediCount.

<i>Finding Number</i>	2022-010 (Continued)
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A confirmation from MediCount of the monies that were paid to the Village was obtained for both 2022 and 2021; however, the Village was not able to provide run sheets for audit nor were they able to determine if MediCount was correctly billing for services.

The Village should request reports documenting information such as the number of ambulance runs, the number of run sheets submitted, and revenue from medical claims on a monthly basis to assure run sheets are being submitted and processed in a timely manner. Further, the Village should have procedures in place to ensure that MediCount is properly billing for runs.

Officials' Response:

The Village will strive to correct this in the future.

<i>Finding Number</i>	2022-011
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Internal Control Deficiency

Maintaining organized documentation and support for financial transactions is essential in assuring the Village's financial statements are not materially misstated and that all receipts received were computed at a proper rate. We identified the following conditions related to the Village's rental fees:

- The Village was unable to provide a receipt book for all the receipts issued for rentals for the year ending December 31, 2022. However, they did provide a calendar with individual rentals listed. The calendar did allow for documenting when rentals were done and for how many hours; however, if a duplicate receipt was issued for all receipts, it would provide better assurance for completeness of rental records.
- The Village charged \$20/hr for their rentals. This was consistently charged; however, official approval of this rate by the Village Council could not be located.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and create concerns about if individuals are being charged correct rates.

The Village should maintain some receipts for all rentals that clearly document the number of hours rented, the date, the payee, and the hourly rate charged. In addition to this, Village Council should officially approve the rate they wish to charge for rentals.

Officials' Response:

The Village will strive to correct this in the future.

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Village of Rarden Scioto County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2020-001	Noncompliance – Appropriations in Excess of Estimated Resources	Fully Corrected	
2020-002	Noncompliance – Expenditures in Excess of Appropriations	Fully Corrected	
2020-003	Noncompliance – CPIM Exemption	Not Corrected	Repeated as Finding 2022-003
2020-004	Noncompliance – Fiscal Officer Annual Training	Not Corrected	Repeated as Finding 2022-004
2020-005	Noncompliance – Record Retention Policy/Schedule	Not Corrected	Repeated as Finding 2022-007
2020-006	Noncompliance – Fiscal Integrity Act	Not Corrected	Repeated as Finding 2022-005
2020-007	Noncompliance – Public Records Training	Not Corrected	Repeated as Finding 2022-008
2020-008	Noncompliance – OPCS Monitoring	Fully Corrected	
2020-009	Internal Control Deficiency – Budgetary Information in UAN	Fully Corrected	
2020-010	Noncompliance – 1099's	Fully Corrected	
2020-011	Noncompliance – Meeting Minutes	Fully Corrected	
2020-012	Noncompliance – Daily Deposits	Fully Corrected	
2020-013	Noncompliance – Encumbering	Not Corrected	Repeated as Finding 2022-002
2020-014	Internal Control Deficiency– Monitoring of Ambulance Billing Service Provider	Not Corrected	Repeated as Finding 2022-010
2020-015	Noncompliance – Blanket Certificates	Not Corrected	Repeated as Finding 2022-001
2020-016	Noncompliance – Certification to comply with ORC 135.01 to 135.21	No longer Valid	
2020-017	Internal Control Deficiency – Sound Financial Reporting	Not Corrected	Repeated as Finding 2022-009

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF RARDEN

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/14/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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