

**VILLAGE OF RARDEN  
SCIOTO COUNTY  
Regular Audit  
For the Years Ended December 31, 2010 and 2009**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Members of Council  
Village of Rarden  
80 Motes Street  
Rarden, Ohio 45671

We have reviewed the *Independent Accountants' Report* of the Village of Rarden, Scioto County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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

Dave Yost  
Auditor of State

December 15, 2011

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**VILLAGE OF RARDEN  
SCIOTO COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

October 31, 2011

Village of Rarden  
Scioto County  
80 Motes St.  
Rarden, OH 45671

To the Village Council:

We have audited the accompanying financial statements of the **Village of Rarden**, Scioto County, Ohio, (the Village) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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

Village of Rarden  
Scioto County  
Independent Accountants' Report  
Page 2

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009 or their changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Rarden, Scioto County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.



**VILLAGE OF RARDEN  
SCIOTO COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 1,058	\$ 12,562	\$ -	\$ 13,620
Intergovernmental	2,385	16,038	-	18,423
Charges for Services	4,680	70,741	-	75,421
Earnings on Investments	1,552	-	-	1,552
Miscellaneous	4,032	24,744	3,385	32,161
	<u>13,707</u>	<u>124,085</u>	<u>3,385</u>	<u>141,177</u>
<b>Total Cash Receipts</b>				
	<u>13,707</u>	<u>124,085</u>	<u>3,385</u>	<u>141,177</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	-	115,121	-	115,121
Public Health	762	-	-	762
Leisure Time	-	-	2,085	2,085
Basic Utility Services	-	6,194	-	6,194
Transportation	-	3,242	-	3,242
General Government	14,911	-	-	14,911
Capital Outlay	-	147,276	-	147,276
	<u>-</u>	<u>147,276</u>	<u>-</u>	<u>147,276</u>
<b>Total Cash Disbursements</b>				
	<u>15,673</u>	<u>271,833</u>	<u>2,085</u>	<u>289,591</u>
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>(1,966)</u>	<u>(147,748)</u>	<u>1,300</u>	<u>(148,414)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Note Proceeds	-	86,196	-	86,196
Sale of Fixed Assets	-	3,000	-	3,000
Transfers-In	-	2,000	-	2,000
Transfer-Out	(2,000)	-	-	(2,000)
Other Sources	-	36,953	-	36,953
	<u>-</u>	<u>36,953</u>	<u>-</u>	<u>36,953</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(2,000)</u>	<u>128,149</u>	<u>-</u>	<u>126,149</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(3,966)</u>	<u>(19,599)</u>	<u>1,300</u>	<u>(22,265)</u>
<b>Fund Cash Balances, January 1</b>	<u>34,378</u>	<u>118,129</u>	<u>182</u>	<u>152,689</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 30,412</u>	<u>\$ 98,530</u>	<u>\$ 1,482</u>	<u>\$ 130,424</u>

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

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 1,179	\$ 14,134	\$ -	\$ 15,313
Intergovernmental	2,217	9,097	-	11,314
Charges for Services	9,100	52,909	-	62,009
Earnings on Investments	1,655	-	-	1,655
Miscellaneous	6,238	1,471	960	8,669
	<u>20,389</u>	<u>77,611</u>	<u>960</u>	<u>98,960</u>
<b>Total Cash Receipts</b>				
	<u>20,389</u>	<u>77,611</u>	<u>960</u>	<u>98,960</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	-	79,183	-	79,183
Public Health	844	-	-	844
Leisure Time	-	-	2,414	2,414
General Government	14,148	6,324	-	20,472
Capital Outlay	-	8,008	-	8,008
	<u>14,992</u>	<u>93,515</u>	<u>2,414</u>	<u>110,921</u>
<b>Total Cash Disbursements</b>				
	<u>14,992</u>	<u>93,515</u>	<u>2,414</u>	<u>110,921</u>
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>5,397</u>	<u>(15,904)</u>	<u>(1,454)</u>	<u>(11,961)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>5,397</u>	<u>(15,904)</u>	<u>(1,454)</u>	<u>(11,961)</u>
<b>Fund Cash Balances, January 1</b>	<u>28,981</u>	<u>134,033</u>	<u>1,636</u>	<u>164,650</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 34,378</u></u>	<u><u>\$ 118,129</u></u>	<u><u>\$ 182</u></u>	<u><u>\$ 152,689</u></u>

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

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. 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 Village 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. Deposits**

The Village has one demand deposit account and no investments.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash that is restricted as to use. The Village 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 that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

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

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Projects Funds**

This fund is used to account for proceeds that are restricted for the acquisition of capital assets. The Village had the following significant Capital Projects Fund:

Capital Projects Fund – This fund receives monies for the park improvement project.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. Village Council 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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

	<u>2010</u>	<u>2009</u>
Demand Deposits	<u>\$130,424</u>	<u>\$ 152,689</u>

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

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 104,919	\$ 13,707	\$ (91,212)
Special Revenue	100,500	252,234	151,734
Capital Projects	1,000	3,385	2,385
Total	\$ 206,419	\$ 269,326	\$ 62,907

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 38,400	\$ 17,673	\$ 20,727
Special Revenue	202,994	271,833	(68,839)
Capital Projects	3,000	2,085	915
Total	\$ 244,394	\$ 291,591	\$ (47,197)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 17,407	\$ 20,389	\$ 2,982
Special Revenue	73,680	77,611	3,931
Capital Projects	1,000	960	(40)
Total	\$ 92,087	\$ 98,960	\$ 6,873

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 42,900	\$ 14,992	\$ 27,908
Special Revenue	205,080	93,515	111,565
Capital Projects	2,600	2,414	186
Total	\$ 250,580	\$ 110,921	\$ 139,659

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**4. PROPERTY TAX**

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

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 Village.

**5. DEBT**

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Promissory Loan – Ambulance	\$ 86,196	4.774%

The Village borrowed \$86,196 during 2010 to help purchase a new ambulance. The loan will be repaid in annual payments of \$19,823 over a five-year period. The ambulance is collateral for the loan.

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

Year ending December 31:	Promissory Loan – Ambulance
2011	\$ 19,823
2012	19,823
2013	19,823
2014	19,823
2015	19,823
Total	\$ 99,115

**6. RETIREMENT SYSTEMS**

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

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. CONTINGENT LIABILITIES**

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

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

October 31, 2011

Village of Rarden  
Scioto County  
80 Motes St.  
Rarden, OH 45671

To the Village Council:

We have audited the financial statements of the **Village of Rarden**, Scioto County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated October 31, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Our consideration of 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 audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and other deficiencies we consider significant deficiencies.

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 2010-001 as described in the accompanying schedule of audit findings to be a material weakness.



**Internal Control over Financial Reporting (Continued)**

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2010-002 and 2010-004 as described in the accompanying schedule of audit findings to be significant deficiencies.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying schedule of audit findings as items 2010-005 and 2010-006.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 31, 2011.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

**Material Weakness**

**Posting Receipts and Expenditures**

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

During 2010 and 2009, several receipts and expenditures were not posted into accurate revenue or expense classifications based on the source of the receipt or expenditure. The following posting errors were noted

- Loan proceeds were posted as Miscellaneous Revenue
- Intergovernmental grants were posted as Miscellaneous Revenue and Property Tax
- Purchase of ambulance and fire equipment were posted as Security of Persons and Property
- Earnings on Investments receipts were posted as Fines, Licenses and Permits

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

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

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

**FINDING NUMBER 2010-002**

**Significant Deficiency**

**Posting Estimated Revenues and Appropriations**

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

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

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

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

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2010-003**

**Significant Deficiency**

**Manual Financial Statement Presentation**

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

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

The following errors were noted:

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

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

Diligence should be exercised in compiling the financial statements and care should be taken to ensure that the proper beginning balances are carried forward, rounding is considered and adjusted for in arriving at final totals, and proper totals are carried forward from the combining to the combined statements. We also recommend that the financial statements be reviewed for accuracy prior to submission.

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

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2010-004**

**Significant Deficiency**

**Management Monitoring for Internal Control**

The Village Council has not established effective internal control processes for monitoring of Village financial activity. Examples of deficiencies in monitoring controls include the following;

- Checks were signed by only one signatory
- Monthly Bank Reconciliations with supporting documentation were not presented to council
- A list of expenditures was not presented to council prior to payment
- Finance and payroll reports were not presented to Council
- Lack of a review of Annual Financial Report for accuracy prior to submission to AOS

We recommend Council establish effective internal control processes and address each of the above noted control weaknesses. This could include such things as receiving a monthly report package (budget vs. actual reports as well as revenue and expense reports), reviewing the monthly bank reconciliation and support, establishing pay rates annually, having a set time for reviewing and issuing payroll and non-payroll disbursements, and requiring two signatures on all checks. This will help Council effectively monitor the Village's financial position and will aid in the timely detection of errors or irregularities.

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

**FINDING NUMBER 2010-005**

**Noncompliance Citation**

**Ohio Revised Code § 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2010-005 (Continued)**

**Noncompliance Citation (Continued)**

1. “Then and Now” certificate - If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
  
2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
  
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 66% and 60% of the expenditures tested during 2009 and 2010, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions.

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

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

VILLAGE OF RARDEN  
SCIOTO COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-006

**Noncompliance Citation**

**Ohio Rev. Code Section 9.38** states that monies should be deposited with the Village Fiscal Officer or designated depository within 24 hours of collection.

During the audit period, the Village regularly made one deposit at month end. Delays of this nature could cause Village daily receipts to be lost or misplaced without being detected in a timely manner. The Village should properly safeguard receipts and implement House Bill 220 (Auditor of State Bulletin 99-020) relative to depositing requirements and procedures. This House Bill requires that monies be deposited on the next business day if the amounts of daily receipts exceed \$1,000. If daily receipts do not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting their officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.

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

**VILLAGE OF RARDEN  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC Section 5705.14 – Improper transfers	Yes	N/A
2008-002	ORC Section 5705.36 – Did not obtain an amended certificate	No	Not Corrected; Moved to Management Letter
2008-003	ORC Section 5705.39 – Appropriations exceeded estimated resources	No	Not Corrected; Moved to Management Letter
2008-004	ORC Section 5705.41(B) – Expenditures exceeded appropriations	No	Not Corrected; Moved to Management Letter
2008-005	ORC Section 5705.41(D) – Disbursements not properly encumbered	No	Not Corrected; Repeated as Finding 2010-004
2008-006	Posting Estimated Revenues	No	Not Corrected; Repeated as Finding 2010-002
2008-007	Manual Financial Statement Preparation	No	Not Corrected; Repeated as Finding 2010-003
2008-008	Posting Revenue and Expenditures	No	Not Corrected; Repeated as Finding 2010-001

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# Dave Yost • Auditor of State

VILLAGE OF RARDEN

SCIOTO COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 27, 2011