

Village of Rarden  
Scioto County  
Regular Audit  
For the Years Ended December 31, 2018 and 2017



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OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Rarden  
P. O. Box 66  
1693 Main Street  
Rarden, Ohio 45671-0066

We have reviewed the *Independent Auditor's Report* of the Village of Rarden, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2017 through December 31, 2018. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

**FINDING FOR RECOVERY:**

*State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Late filing penalties were paid to the Ohio Department of Taxation for the reporting period January 1, 2016 to December 31, 2016 on September 20, 2017 in the amount of \$743. Also, \$157 in late filing penalties were paid to the US Treasury for the reporting quarters of December 31, 2016; March 31, 2017; June 30, 2017; and September 30, 2017. The payments to the US Treasury were all paid on April 16, 2018. The payment of late fees due to the inability of the Fiscal Officer to make timely payment or file by required deadlines is not a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is issued against Stacy Hall, Fiscal Officer and her bonding company, Ohio Plan Risk Management, Inc., jointly and severally, in the total amount of \$900 in favor of the Village of Rarden's General Fund in the amount of \$722, Fire Fund in the amount of \$89, and the EMS Fund in the amount of \$89.

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.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 11, 2020

**Village of Rarden**  
**Scioto County**  
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*For the Years Ended December 31, 2018 and 2017*

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## Independent Auditor's Report

Village Council  
Village of Rarden  
1693 Main Street  
Rarden, Ohio 45671

### Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Rarden, Scioto County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

### Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Village of Rarden  
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Independent Auditor's Report

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification* and *Unmodified Opinion* paragraphs below.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

**Basis for Additional Opinion Qualification**

Miscellaneous receipts in the general fund are reported as \$5,430 for the year ended December 31, 2018, which is 30 percent of the general fund receipts for the year ended December 31, 2018. Miscellaneous receipts in the general fund are reported as \$6,646 for the year ended December 31, 2017, which is 36 percent of the general fund receipts for the year ended December 31, 2017. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as miscellaneous receipts for the general fund for the years ended December 31, 2018 and 2017. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

**Additional Opinion Qualification**

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of the general fund type of the Village of Rarden, Scioto County, Ohio, as of December 31, 2018 and 2017, and its cash receipts and disbursements, and the related notes for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

**Unmodified Opinion**

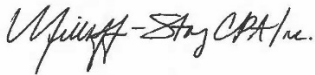
In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the special revenue funds of the Village of Rarden, Scioto County, Ohio, as of December 31, 2018 and 2017, and its combined cash receipts and disbursements, and the related notes, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.



Village of Rarden  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2019 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

August 30, 2019

**Village of Rarden**  
**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, 2018*

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$6,973	\$9,478	\$16,451
Intergovernmental	5,355	9,723	15,078
Charges for Services	0	87,214	87,214
Earnings on Investments	121	644	765
Miscellaneous	5,430	1,416	6,846
<b>Total Cash Receipts</b>	<b>17,879</b>	<b>108,475</b>	<b>126,354</b>
<b>Cash Disbursements:</b>			
Security of Persons and Property	0	69,020	69,020
Transportation	0	2,552	2,552
General Government	17,712	1,578	19,290
<b>Debt Service:</b>			
Redemption of Principal	0	2,280	2,280
<b>Total Cash Disbursements</b>	<b>17,712</b>	<b>75,430</b>	<b>93,142</b>
<b>Net Change in Fund Cash Balances</b>	<b>167</b>	<b>33,045</b>	<b>33,212</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	1,413	1,413
Transfers Out	(1,413)	0	(1,413)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,413)</b>	<b>1,413</b>	<b>0</b>
<b>Extraordinary Item</b>	<b>0</b>	<b>500</b>	<b>500</b>
<b>Net Change in Fund Cash Balances</b>	<b>(1,246)</b>	<b>34,958</b>	<b>33,712</b>
<b>Fund Cash Balances, January 1</b>	<b>2,192</b>	<b>163,182</b>	<b>165,374</b>
<b>Restricted</b>			
Recreation Programs	0	393	393
Emergency Medical Services	0	106,425	106,425
Fire Operations	0	72,269	72,269
Road Maintenance and Improvements	0	19,252	19,252
<b>Unassigned (Deficit)</b>	<b>946</b>	<b>(199)</b>	<b>747</b>
<b>Fund Cash Balances, December 31</b>	<b>\$946</b>	<b>\$198,140</b>	<b>\$199,086</b>

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

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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 and security of person and property services which include 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 State and is working to implement changes as submitted.

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Government Risk Management Plan, (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 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.

***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, 2018*

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***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 (D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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. The Village did not use the encumbrance method of accounting.

A summary of 2018 budgetary activity appears in Note 3.

***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.

***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.

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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*. 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

**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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$12,436	\$17,879	\$5,443
Special Revenue	103,110	110,388	7,278
Total	\$115,546	\$128,267	\$12,721

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$17,033	\$19,125	(\$2,092)
Special Revenue	39,574	75,430	(35,856)
Total	\$56,607	\$94,555	(\$37,948)

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2018 was as follows:

Demand deposits	<u>\$199,086</u>
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***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**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 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 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.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016 the plan retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017, (the latest information available).

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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 (if material).

**Note 7 - Defined Benefit Pension Plans**

***Social Security***

All of the Village's 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, 2018.

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 8 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>
Ohio Department of Commerce	<u>\$3,990</u>

The Ohio Department of Commerce loan relates to the Small Government Fire Department Services Revolving Loan Fund for the Volunteer Fire Department purchasing a single cab 2000 Chassis truck. The loan also provides for the 2000 tank and pump from a service truck to be transferred, installed and wired on the new Chassis. The Ohio Department of Commerce granted the Village a non interest bearing loan of \$11,400 in 2015.

***Amortization***

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

Year Ending December 31:	Ohio Department of Commerce
2019	\$2,280
2020	1,710
Total	<u>\$3,990</u>

**Note 9 – Contingent Liabilities**

***Grants***

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.

***Litigation***

The Village is not currently party to any legal proceedings.

**Note 10 – Deficit Balance**

The Village had a deficit fund balance in the State Highway fund of (\$199) at December 31, 2018.

**Note 11 – Compliance**

The Village had expenditures in excess of appropriations, which is contrary to Ohio Revised Code Section 5705.41 (B).

The Village did not properly certify the availability of funds through an encumbrance process, which is contrary to Ohio Revised Code Section 5705.41 (D).



**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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The Village did not reconcile its bank accounts timely, which is contrary to Ohio Revised Code Section 112-2-01(D)(3) and (5).

The Council did not properly monitor financial activity of the Village, which is contrary to Ohio Revised Code Section 117-2-01(D)(4).

The Village did not properly maintain supporting documentation for various financial transactions, contrary to Ohio Revised Code Section 149.351 (A).

The Village had appropriations in excess of estimated resources, which is contrary to Ohio Revised Code Section 5705.39.

The Village did not remit taxes properly per Ohio Revised Code Section 5747.06 and 26 USC Sections 3401-3405 and 3102(a).

**Village of Rarden**  
**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, 2017*

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$6,252	\$8,514	\$14,766
Intergovernmental	5,431	8,518	13,949
Charges for Services	0	90,470	90,470
Earnings on Investments	72	497	569
Miscellaneous	6,646	0	6,646
<b>Total Cash Receipts</b>	<b>18,401</b>	<b>107,999</b>	<b>126,400</b>
<b>Cash Disbursements:</b>			
Security of Persons and Property	0	50,037	50,037
Transportation	0	5,430	5,430
General Government	17,223	1,634	18,857
<b>Debt Service:</b>			
Redemption of Principal	0	2,280	2,280
<b>Total Cash Disbursements</b>	<b>17,223</b>	<b>59,381</b>	<b>76,604</b>
<b>Net Change in Fund Cash Balances</b>	<b>1,178</b>	<b>48,618</b>	<b>49,796</b>
<b>Fund Cash Balances, January 1</b>	<b>1,014</b>	<b>114,564</b>	<b>115,578</b>
<b>Restricted</b>			
Recreation Programs	0	318	318
Emergency Medical Services	0	82,369	82,369
Fire Operations	0	66,932	66,932
Road Maintenance and Improvements	0	15,332	15,332
Unassigned (Deficit)	2,192	(1,769)	423
<b>Fund Cash Balances, December 31</b>	<b>\$2,192</b>	<b>\$163,182</b>	<b>\$165,374</b>

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

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**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 and security of person and property services which include fire and ambulance services.

The Village has been 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 State and is working to implement changes as submitted.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

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 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.

***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 receives fire contract and levy monies for the operation on 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, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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. The Village did not use the encumbrance method of accounting.

A summary of 2017 budgetary activity appears in Note 5.

***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.

***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.

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**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*. 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

**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.

**Note 3 - Compliance**

The Village had expenditures in excess of appropriations, which is contrary to Ohio Revised Code Section 5705.41 (B).

The Village did not properly certify the availability of funds through an encumbrance process, which is contrary to Ohio Revised Code Section 5705.41 (D).

The Village did not reconcile its bank accounts timely, which is contrary to Ohio Revised Code Section 112-2-01(D)(3) and (5).

The Council did not properly monitor financial activity of the Village, which is contrary to Ohio Revised Code Section 117-2-01(D)(4).

The Village did not properly maintain supporting documentation for various financial transactions, contrary to Ohio Revised Code Section 149.351 (A).

The Village had appropriations in excess of estimated resources, which is contrary to Ohio Revised Code Section 5705.39.

The Village did not remit taxes properly per Ohio Revised Code Section 5747.06 and 26 USC Sections 3401-3405 and 3102(a).

The Village did not timely adopt appropriations measures as required by Ohio Revised Code Section 5705.38(A).

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 4 – Deficit Balance**

The Village had a deficit fund balance in the State Highway fund of (\$1,769) at December 31, 2017.

**Note 5 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,035	\$18,401	\$366
Special Revenue	124,220	107,999	(16,221)
Total	\$142,255	\$126,400	(\$15,855)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$20,067	\$17,223	\$2,844
Special Revenue	165,041	59,381	105,660
Total	\$185,108	\$76,604	\$108,504

**Note 6 – Deposits and Investments**

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

	2017
Demand deposits	\$165,374

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 7 – 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 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.

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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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 8 - 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.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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 (if material).

**Village of Rarden, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 - Defined Benefit Pension Plans**

***Social Security***

All of the Village's 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, 2017, although they were not paid until January 2018.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal
Ohio Department of Commerce	\$6,270

The Ohio Department of Commerce loan relates to the Small Government Fire Department Services Revolving Loan Fund for the Volunteer Fire Department purchasing a single cab 2000 Chassis truck. The loan also provides for the 2000 tank and pump from a service truck to be transferred, installed and wired on the new Chassis. The Ohio Department of Commerce granted the Village a non interest bearing loan of \$11,400 in 2015.

***Amortization***

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

Year Ending December 31:	Ohio Department of Commerce
2018	\$2,280
2019	2,280
2020	1,710
Total	\$6,270

**Note 11 – Contingent Liabilities**

***Grants***

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.

***Litigation***

The Village is not currently party to any legal proceedings.



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Village Council  
Village of Rarden  
1693 Main Street  
Rarden, Ohio 45671

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Village of Rarden, Scioto County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated August 30, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as miscellaneous receipts reported in general fund for the years ended December 31, 2018 and 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018-002 through 2018-009, that we consider to be material weaknesses.

Village of Rarden  
Scioto County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Compliance and Other Matters**

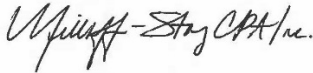
As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2018-001 through 2018-003, 2018-005 through 2018-006, 2018-008, 2018-010 and 2018-011.

### **Village's Responses to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

August 30, 2019

**Village of Rarden**  
**Scioto County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2018 and 2017*

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**Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS**

**Finding 2018-001 – Noncompliance – Proper Encumbering**

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditures 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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village 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 Village.
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 Village 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 expenses. 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.

Auditor noted that the Village did not transition to UAN until February 2018. Purchase orders (POs) were not utilized until the transition was complete. Therefore, the Fiscal Officer did not certify the availability of funds prior to purchase commitment for any expenditures during 2017. Additionally during testing the auditor noted, that all POs issued by the Village in 2018 were Then and Now certificates.

Unless the Village uses the exceptions noted above, 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 Fiscal Officer certify that the funds are, or will be, available prior to obligation by the Village. Once when prior certification is not possible should "then and now" certification be used.

**Village of Rarden**  
**Scioto County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2018 and 2017*

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**Finding 2018-001 – Noncompliance – Proper Encumbering (Continued)**

The Village officials and employees should 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 certification language Ohio Revised Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised 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.

***Client Response:***

The Village choose not to respond.

**Finding 2018-002 – Noncompliance/Material Weakness – Expenditures in Excess of Appropriations**

Ohio Revised Code Section 5705.41(B) provides that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. The Village had various funds in 2018 and 2017 where expenditures exceeded appropriations. Additionally, auditor noted that in 2017, the Village made expenditures of \$2,158.70 in the general fund and expenditures of \$2,567.43 from special revenue funds prior to approving annual appropriation measures. Expenditures exceeding appropriations can result in overspending available resources and deficit fund balances. The Village should implement procedures, such as periodic reviews of budget to actual activity, to ensure that expenditures are limited to appropriations.

***Client Response:***

The Village choose not to respond.

**Finding 2018-003 – Noncompliance/Material Weakness – Bank Reconciliations**

Ohio Administrative Code Section 117-2-01(D)(3) and (5) state that when designing the public office’s system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

During both 2017 and 2018, the Fiscal Officer did not prepare monthly bank reconciliations in a timely manner. 2017 bank reconciliations were not performed until February 2018 and many of the 2018 bank reconciliations were also not performed timely.

The Fiscal Officer should perform monthly reconciliations in a timely manner so that reconciling items can be easily identified and corrections, if necessary, can be made in a timely manner. These reconciliations should be reviewed and approved by the Village Council.

***Client Response:***

The Village choose not to respond.

**Village of Rarden**  
**Scioto County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2018 and 2017*

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**Finding 2018-004 – Material Weakness – Sound Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and the Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. As a result of the audit procedures performed, we noted various errors in the financial statements that required audit adjustment. There were several instances of tax receipts and intergovernmental receipts being posted to the improper fund and tax receipts were posted net of auditor and treasurer fees. Also, debt principal payments and other disbursements were not posted to the correct accounts. In addition, we found instances where disbursements were improperly posted to the Fire and EMS funds. The Village should implement procedures to ensure that all financial transactions are properly recorded within the accounting system to ensure that financial statements can be properly presented to Council for planning and decision-making purposes and to external sources to ensure that an accurate and complete presentation of the Village's finances can be provided. The Village should review the Village Handbook for guidance on the correct line item to post various receipts and disbursements of the Village.

***Client Response:***

The Village choose not to respond.

**Finding 2018-005 – Noncompliance/Material Weakness – Monitoring by Council**

Ohio Administrative Code Section 117-2-01(D)(4) states that when designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The size of the Village's staff did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important that the Council monitor financial activity closely.

The Council did not receive or review financial reports or budgets. Vouchers were not always prepared or presented to Council prior to payment. Therefore, there were no records provided to the Council to provide any reliance that internal controls were in place. Bank reconciliations for the main account were performed by LGS and not given to Council for review. Further, no processes exist to identify unusual fluctuations between accounts or between fiscal years.

The Fiscal Officer should maintain record of budget and actual information in a format easily reviewable by the Council. Further, the Council should review detailed financial reports, budget versus actual information, and bank reconciliations on a monthly basis. This should be documented in the minute record and/or initialed and dated as reviewed. The Council should also make appropriate inquiries to help determine the continued integrity of financial information. Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquires will provide important data necessary to properly manage the Village.

***Client Response:***

The Village choose not to respond.

**Village of Rarden**  
**Scioto County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2018 and 2017*

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**Finding 2018-006 – Noncompliance/Material Weakness – Supporting Documentation**

Ohio Revised Code Section 149.351(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Section 149.38 to 149.42 of the Revised Code or under the records programs established by the boards of trustees of state-supported institutions of higher education under Section 149.33 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

During testing it was noted the Village did not maintain support for one expenditure tested in nonpayroll. However, the auditor was able to obtain voucher support from the vendor. Additionally, it was noted that support was not always maintained for general fund rent receipts for 2017 and 2018. Further, when support was maintained it was only a spreadsheet that showed the amount collected each day and for which building and did not include any additional support for amounts collected. Also, the Village could not provide support for Fire/EMS contract receipts, although we were able to perform alternate procedures to gain assurance. The Village did not provide Forms W2s for any employees in 2017, or for the Fiscal Officer for 2017 or 2018, nor could the Village provide copies of state income tax reports for 2017 or 2018. We also noted that original invoice documentation was not maintained for some gas station receipts.

The Village should implement procedures to ensure all records are properly maintained for audit purposes, to support proper recording within the accounting system, and to demonstrate proper public purpose. Furthermore, no disbursements should be made unless supporting documentation is available.

***Client Response:***

The Village choose not to respond.

**Finding 2018-007 – Material Weakness – Monitoring of Ambulance Billing Service Provider**

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.

We were able to obtain a confirmation from MediCount of the monies that were paid to the Village for both 2018 and 2017; 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.

***Client Response:***

The Village choose not to respond.

**Village of Rarden**  
**Scioto County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2018 and 2017*

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**Finding 2018-008 – Noncompliance/Material Weakness – Payroll Taxes**

Ohio Revised Code Section 5747.06 requires the employing government to withhold state income taxes. It also requires the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

26 U.S.C. Sections 3401, 3402, 3403, 3404, 3405, and 3102(a) require the employing government to withhold federal income and employment related taxes (such as Medicare). They also require the government to report and remit those tax matters to the appropriate tax authorities and the recipients.

The Fiscal Officer did not provide Ohio income tax reports for 2017 or 2018. Therefore, the auditor could not determine that these reports were filed with the Ohio Department of Taxation. While we could trace a payment to the Ohio Department of Taxation for payment of 2017 income taxes, the auditor could not locate any payments in 2018 or 2019 for payment of 2018 state income taxes.

The Fiscal Officer did not submit withheld Social Security and Medicare taxes timely to the federal government. 2017 quarterly federal tax payments were not made until January 2018. The first quarter 2018 Form 941 was not filed until the second quarter due date.

Additionally, due to late filing of prior year income taxes, the Village was assessed penalties and interest totaling \$901.03. The Village should implement the appropriate procedures to ensure that taxes and required reports are timely remitted and that documentation of submissions is properly maintained to avoid being assessed interest and penalties.

***Client Response:***

The Village choose not to respond.

**Finding 2018-009 – Material Weakness – Budgetary Amounts**

A budgetary process should be in place for all governments. The budgetary process is a plan to coordinate expenditures and resources. The State Legislature has adopted laws to control expenditures using tax budgets and appropriations. Budgeting, when properly used, provides the most important monitoring control a government has. It is impossible to incur a cash deficit if a government complies with the budgetary law. Additionally, the budget is an instrument of public policy. A governing board expresses its desire for using a government's limited resources through its appropriations.

While performing budgetary testing for the Village, it was determined that the Village does not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Council, were approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts, or were properly posted to the accounting system.

The Council should implement procedures to ensure appropriations and estimated receipts are approved, accurately posted to the accounting system, and reconciled to the amounts approved by the budget commission after each amendment.

***Client Response:***

The Village choose not to respond.

**Village of Rarden**  
**Scioto County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2018 and 2017*

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**Finding 2018-010 – Noncompliance – Appropriation in Excess of Estimated Resources**

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. In 2018 and 2017, the Village had appropriations in excess of estimated resources in various funds. The Village should implement procedures, such as periodic review of budgeted information, to ensure that appropriations do not exceed estimated resources.

***Client Response:***

The Village choose not to respond.

**Finding 2018-011 – Noncompliance – Appropriations Approved in Minutes**

Ohio Revised Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

2017 appropriations were not passed by Council until January 30, 2017 and 2018 appropriations were not passed by Council until January 22, 2018. As a result, disbursements were made without the proper budgetary authority in place. The Village should approve all appropriation measures by the required filing deadline.

***Client Response:***

The Village choose not to respond.



**Village of Rarden**  
**Scioto County**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2018 and 2017*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2016-001	Noncompliance – Proper Encumbering	No	Reissued as 2018-001
2016-002	Noncompliance/Material Weakness – Expenditures in Excess of Appropriations	No	Reissued as 2018-002
2016-003	Noncompliance/Material Weakness – Bank Reconciliations	No	Reissued as 2018-003
2016-004	Material Weakness – Sound Financial Reporting	No	Reissued as 2018-004
2016-005	Noncompliance/Material Weakness – Monitoring by Council	No	Reissued as 2018-005
2016-006	Noncompliance/Material Weakness – Supporting Documentation	No	Reissued as 2018-006
2016-007	Noncompliance/Material Weakness – Accounting Records	Yes	
2016-008	Material Weakness – Monitoring of Ambulance Billing Service Provider	No	Reissued as 2018-007
2016-009	Noncompliance/Material Weakness – Timely Deposits	No	Reissued in management letter
2016-010	Material Weakness – Budgetary Amounts	No	Reissued as 2018-009
2016-011	Noncompliance – Appropriation in Excess of Estimated Resources	No	Reissued as 2018-010

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
FEBRUARY 25, 2020**