



Dave Yost • Auditor of State

VILLAGE OF ROME
ADAMS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Rome
Adams County
P.O. Box 335
Stout, Ohio 45684

To the Village Council:

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 Rome, Adams County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

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.

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 *Opinion on Regulatory Basis of Accounting* paragraph 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, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The accompanying financial statements for the years ended December 31, 2017 and 2016 present unclassified cash receipts and cash disbursements. Ohio Administrative Code Section 117-2-03(D) requires classification of receipts and disbursements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Village of Rome, Adams County as of December 31, 2017 and 2016, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, 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 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.



Dave Yost
Auditor of State

Columbus, Ohio

December 18, 2018

**VILLAGE OF ROME
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | General | Special Revenue | Totals (Memorandum Only) |
|---|----------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Unclassified Receipts | \$10,078 | \$2,794 | \$12,872 |
| <i>Total Cash Receipts</i> | 10,078 | 2,794 | 12,872 |
| Cash Disbursements | | | |
| Current: | | | |
| Unclassified Disbursements | 12,053 | 2,673 | 14,726 |
| <i>Total Cash Disbursements</i> | 12,053 | 2,673 | 14,726 |
| <i>Net Change in Fund Cash Balances</i> | (1,975) | 121 | (1,854) |
| <i>Fund Cash Balances, January 1</i> | 9,349 | 30,753 | 40,102 |
| Fund Cash Balances, December 31 | | | |
| Restricted | | 30,874 | 30,874 |
| Assigned | 7,374 | 0 | 7,374 |
| Unassigned (Deficit) | - | 0 | - |
| Fund Cash Balances, December 31 | \$ 7,374 | \$ 30,874 | \$ 38,248 |

See accompanying notes to the basic financial statements

**VILLAGE OF ROME
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | Proprietary Fund Types | Totals |
|---|------------------------|----------------------|
| | Enterprise | (Memorandum Only) |
| Operating Cash Receipts | | |
| Unclassified | \$25,282 | \$25,282 |
| <i>Total Operating Cash Receipts</i> | 25,282 | 25,282 |
| Operating Cash Disbursements | | |
| Unclassified | 32,638 | 32,638 |
| <i>Total Operating Cash Disbursements</i> | 32,638 | 32,638 |
| <i>Net Change in Fund Cash Balances</i> | (7,356) | (7,356) |
| <i>Fund Cash Balances, January 1</i> | 165,732 | 165,732 |
| <i>Fund Cash Balances, December 31</i> | \$158,376 | \$158,376 |

See accompanying notes to the basic financial statements

**VILLAGE OF ROME
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017**

Note 1 - Reporting Entity

The Village of Rome (the Village), Adams 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 general governmental services including street lights, park maintenance and road maintenance.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Enterprise Fund This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had one Enterprise Fund:

Sewer Project Fund The sewer project fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the construction of a wastewater treatment plant. Sewer receipts in this fund will repay the loan.

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 Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

VILLAGE OF ROME
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Ohio Administrative Code 117-2-02(A) requires the Village to classify and report transactions. The Village did not classify receipts or disbursements. These statements present unclassified receipts and disbursements contrary to Ohio Administrative Code Section 117-2-03(D).

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting.

A summary of 2017 budgetary activity appears in Note 4.

Deposits

The Village deposits all available funds in non-interest earning checking accounts at a local commercial bank. All deposits are valued at cost.

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. The Village did not have any nonspendable fund balances at December 31, 2017.

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

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The Village did not have any committed fund balances at December 31, 2017.

**VILLAGE OF ROME
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$183 and in the State Highway fund by \$377 for the year ended December 31, 2017.

Note 4 - Budgetary Activity

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

| 2017 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$21,986 | \$10,078 | (\$11,908) |
| Special Revenue | 33,742 | 2,794 | (30,948) |
| Enterprise | 1,102,342 | 25,282 | (1,077,060) |
| Total | \$1,158,070 | \$38,154 | (\$1,119,916) |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$11,870 | \$12,053 | (\$183) |
| Special Revenue | 3,500 | 2,673 | 827 |
| Enterprise | 32,638 | 32,638 | 0 |
| Total | \$48,008 | \$47,364 | \$644 |

VILLAGE OF ROME
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)

Note 5 – 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:

| | |
|-----------------|------------------|
| | 2017 |
| Demand deposits | <u>\$196,624</u> |
| Total Deposits | <u>\$196,624</u> |

Deposits are insured by the Federal Depository Insurance Corporation.

Note 6 – 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.

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

Note 7 - Risk Management

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).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 - Defined Benefit Pension Plans

Social Security

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

VILLAGE OF ROME
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|-------------------|----------------------|
| Ohio Water Development Authority Loan | \$ 293,951 | 3.25 % - 3.45% |
| Total | <u>\$ 293,951</u> | |

The Ohio Water Development Authority (OWDA) loans relate to the construction of a sewer plant project. The OWDA approved up to \$322,159 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$7,647, including interest, over 20 years. The scheduled payment amount assumes that \$322,159 will be borrowed. The OWDA will adjust the scheduled payment to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

Amortization of the above debt, including interest, has not yet been determined as the project is still ongoing.

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**VILLAGE OF ROME
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | General | Special Revenue | Totals (Memorandum Only) |
|---|----------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Unclassified Receipts | \$10,670 | \$2,879 | \$13,548 |
| <i>Total Cash Receipts</i> | 10,670 | 2,879 | 13,548 |
| Cash Disbursements | | | |
| Current: | | | |
| Unclassified Disbursements | 9,009 | 4,646 | 13,656 |
| <i>Total Cash Disbursements</i> | 9,009 | 4,646 | 13,655 |
| <i>Net Change in Fund Cash Balances</i> | 1,661 | (1,767) | (107) |
| <i>Fund Cash Balances, January 1</i> | 7,688 | 32,521 | 40,209 |
| Fund Cash Balances, December 31 | | | |
| Restricted | 0 | 30,753 | 30,753 |
| Unassigned (Deficit) | 9,349 | 0 | 9,349 |
| Fund Cash Balances, December 31 | \$ 9,349 | \$ 30,753 | \$ 40,102 |

See accompanying notes to the basic financial statements

**VILLAGE OF ROME
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Proprietary Fund Types | Totals |
|---|------------------------|----------------------|
| | Enterprise | (Memorandum Only) |
| Operating Cash Receipts | | |
| Unclassified | \$310,705 | \$310,705 |
| <i>Total Operating Cash Receipts</i> | 310,705 | 310,705 |
| Operating Cash Disbursements | | |
| Unclassified | 157,398 | 157,398 |
| <i>Total Operating Cash Disbursements</i> | 157,398 | 157,398 |
| <i>Net Change in Fund Cash Balances</i> | 153,307 | 153,307 |
| <i>Fund Cash Balances, January 1</i> | 12,425 | 12,425 |
| <i>Fund Cash Balances, December 31</i> | \$165,732 | \$165,732 |

See accompanying notes to the basic financial statements

**VILLAGE OF ROME
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016**

Note 1 - Reporting Entity

The Village of Rome (the Village), Adams 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 general governmental services including street lights, park maintenance and road maintenance.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Enterprise Fund This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had one Enterprise Fund:

Sewer Project Fund The sewer project fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the construction of a wastewater treatment plant. Sewer receipts in this fund will repay the loan.

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 Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

VILLAGE OF ROME
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Ohio Administrative Code 117-2-02(A) requires the Village to classify and report transactions. The Village did not classify receipts or disbursements. These statements present unclassified receipts and disbursements contrary to Ohio Administrative Code Section 117-2-03(D).

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting.

A summary of 2016 budgetary activity appears in Note 4.

Deposits

The Village deposits all available funds in non-interest earning checking accounts at a local commercial bank. All deposits are valued at cost.

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. The Village did not have any nonspendable fund balances at December 31, 2016.

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

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The Village did not have any committed fund balances at December 31, 2016.

**VILLAGE OF ROME
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Contrary to Ohio law, appropriations exceeded estimated resources in the General fund by \$21,617 and in the Street Construction Maintenance and Repair fund by \$29,500 for the year ended December 31, 2016.

Note 4 - Budgetary Activity

Budgetary activity for the years ending December 31, 2016 follows:

| 2016 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$0 | \$10,670 | \$10,670 |
| Special Revenue | 0 | 2,879 | 2,879 |
| Enterprise | 0 | 310,705 | 310,705 |
| Total | \$0 | \$324,254 | \$324,254 |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$29,500 | \$9,009 | \$20,491 |
| Special Revenue | 0 | 4,646 | (4,646) |
| Enterprise | 157,398 | 157,398 | 0 |
| Total | \$186,898 | \$171,053 | \$15,845 |

VILLAGE OF ROME
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)

Note 5 – 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:

| | |
|-----------------|--------------------------|
| | 2016 |
| Demand deposits | \$ <u>205,834</u> |
| Total Deposits | \$ <u><u>205,834</u></u> |

Deposits are insured by the Federal Depository Insurance Corporation.

Note 6 – 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.

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

Note 7 - Risk Management

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).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 - Defined Benefit Pension Plans

Social Security

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 not paid all contributions required through December 31, 2016.

VILLAGE OF ROME
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|--------------------------|----------------------|
| Ohio Water Development Authority Loan | <u>\$ 299,660</u> | 3.25 % - 3.45% |
| Total | <u><u>\$ 299,660</u></u> | |

The Ohio Water Development Authority (OWDA) loans relate to the construction of a sewer plant project. The OWDA approved up to \$322,159 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$7,647, including interest, over 20 years. The scheduled payment amount assumes that \$322,159 will be borrowed. The OWDA will adjust the scheduled payment to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

Amortization of the above debt, including interest, has not yet been determined as the project is still ongoing.

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Dave Yost • Auditor of State

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

Village of Rome
Adams County
P.O. Box 335
Stout, Ohio 45684

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Rome, Adams County, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated December 18, 2018 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 qualified our opinion due to the omission of receipts and disbursement classifications on the accompanying financial statements.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 through 2017-003 and 2017-008 through 2017-009 to be material weaknesses.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-001 through 2017-008 and 2017-010.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

December 18, 2018

VILLAGE OF ROME
ADAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

Noncompliance/Material Weakness

Ohio Admin. Code §§ 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.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of 2017 and 2016. Also, the Fiscal Officer did not record Village sewer project activity in the cash journal. Sewer activity consisted of \$310,705 in receipts and \$157,398 in disbursements for 2016. Sewer activity consisted of \$25,282 in receipts and \$32,638 in disbursements in 2017. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements. Failure to record sewer project activity resulted in inaccurate accounting records and reports.

The Village has corrected the financial statements and accounting records.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. The Fiscal Officer should record all financial activity of the Village within the Village's accounting system.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-002

Noncompliance/Material Weakness

Ohio Admin. Code § 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 Village Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important that the Village Council monitor financial activity closely.

FINDING NUMBER 2017-002
(Continued)

The Fiscal Officer did not provide Council with financial reports to review. The Fiscal Officer did not prepare and present checks to Council consistently prior to payment per review of the minutes. The Fiscal Officer is the only signature required on checks. Bank reconciliations were not completed by the Fiscal Officer and reviewed and approved by Council. Budget to actual financial reports were not monitored by Village Council.

We recommend the Fiscal Officer maintain record of budget and actual information in a format easily reviewable by the Village Council. We further recommend the Village Council 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. We also recommend the Village Council 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 inquiries will provide important data necessary to properly manage the Village.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-003

Noncompliance/Material Weakness

Ohio Rev. Code § 733.28 requires the Village Clerk to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

Ohio Admin. Code § 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Ohio Admin. Code § 117-2-02-(C) provides that:

1. All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.
2. Purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by section 5705.41(D) of the Revised Code. Purchase orders are not effective unless the fiscal officer's certificate is attached.

FINDING NUMBER 2017-003
(Continued)

3. Vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information. The local office should also attach the supporting documentation to the voucher, such as vendor invoices.

Ohio Admin. Code § 117-2-02(D) provides that all local public offices may maintain accounting records in a manual or computerized format. Such records should include:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of payor, purpose, receipt number, and other information required for such transactions to be recorded on this ledger.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.
4. In addition, all local public offices should maintain payroll records including a payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay, and other compensation paid to an employee, and the fund and account charged for the payments.

We identified the following conditions related to the accounting records:

- The Village did not maintain a receipts ledger or an appropriation ledger that classifies receipts and disbursements by accounts.
- The Village did not maintain any accounting records for the Sewer Operations account.
- The Village did not maintain a payroll ledger.
- The Village Fiscal Officer did not certify purchase orders and did not record the related encumbrances (see finding 2017-008).
- The Village did not use vouchers.
- The Village did not use duplicate receipts.
- The Village did not post approved/authorized appropriations and estimated receipts to the accounting system.
- The Village did not maintain the accounting records in such manner that allowed the presentation of financial statements in a classified format as required by the Ohio Administrative Code. This resulted in a qualified opinion on the financial statements.

**FINDING NUMBER 2017-003
(Continued)**

Failure to properly maintain accounting records resulted in inaccurate amounts being reported by the Village on their annual financial report, as noted in finding 2017-009. Also, not having complete and accurate accounting records, including budgetary information, increases the risk of spending more than is available. Officials need to have complete and accurate accounting records in order to make informed management decisions.

We recommend the Village implement the appropriate procedures to ensure that financial records are sufficiently maintained in order to properly present financial statements in the required format. We further recommend the fiscal officer properly maintain the accounting records and reconcile the cash journal to the bank balances and to the receipts ledger and appropriation ledger monthly.

Using these accounting records will provide the Village with information to monitor compliance with the budget and prepare annual reports in the format required by the Ohio Revised Code and Ohio Administrative Code.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-004

Noncompliance

26 U.S.C. §§ 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 remit the required federal payroll taxes as required by the Internal Revenue Service for any of the four quarters of 2017. The 2017 W-2's reflect amounts withheld for social security in the amount of (\$180) and Medicare in the amount of (\$42) for the Mayor, Council Members, and Fiscal Officer. Also, 2016 federal payroll taxes were not remitted in a timely manner.

The Village could incur penalties and interest due to the non-filing of the above noted forms.

We recommend the Fiscal Officer withhold the correct amounts from payroll, and submit the required reports and contributions/withholding remittances in a timely manner to ensure compliance with applicable laws and regulations and to avoid interest and penalties.

This matter will be referred to the Internal Revenue Service.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-005

Noncompliance

Ohio Rev. Code § 117.38 provides that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The Auditor of State may waive these penalties, upon the filing of the past due financial report.

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Auditor of State Bulletin 2015-007 states all entities required to file with the Auditor of State (AOS) must file electronically via the Hinkle Annual Financial Data Reporting System (Hinkle System) unless a waiver has been approved by the AOS for the applicable filing year.

Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village filed its 2017 and 2016 annual reports with the Auditor of State; however, the annual reports filed did not contain the required information and were not in the proper format; footnotes were only filed with the 2017 annual report; and the 2017 annual report was filed late. The 2017 annual report was due on March 1, 2018; however, the Village did not file their annual report until July 18, 2018.

The lack of financial reports makes it difficult for management to monitor financial performance and impossible for the Village to be transparent to the public in its financial activity. In addition, the Village failed to publish public notice in the local newspaper stating the financial report is available for public inspection. This prevents transparency to the public of the Village's activities.

We recommend the Fiscal Officer file the Village's annual financial reports with the Auditor of State within 60 days of the fiscal year end. We also recommend the Village establish an accounting system capable of accurate financial reporting. We further recommend all Village officials obtain the necessary training needed to obtain an understanding of accounting information and reporting.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-006

Noncompliance

Ohio Rev. Code § 5705.36 states, in part, that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereof, certified prior to the making of the appropriation or supplemental appropriation.

**FINDING NUMBER 2017-006
 (Continued)**

The Village did not present for audit a 2016 Certificate of Estimated Resources. Therefore, appropriations exceeded estimated resources by \$21,617 in the General Fund and \$29,500 in the Street Construction and Maintenance Repair fund.

Failure to monitor and approve budgetary estimated resources and available appropriations can result in overspending funds and negative cash balances.

We recommend the Council monitor and approve the budgetary receipts and expenditures by having the Fiscal Officer provide budgetary reports for their review. By regularly monitoring the budgetary position of the Village throughout the year, the Council will be better able to determine when amendments are needed.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-007

Noncompliance

Ohio Rev. Code § 5705.41(B), prohibits a subdivision from making expenditures unless it has been properly appropriated.

At December 31, 2017, expenditures exceeded appropriations in the following funds:

| Fund | Appropriations | Expenditures | Variance |
|---------------|----------------|--------------|----------|
| State Highway | 0 | 377 | (377) |
| General | 11,870 | 12,053 | (183) |

The practice of allowing expenditures to exceed appropriations could result in overspending and negative fund balances for Village.

We recommend that the Village monitor the budgetary receipts and expenditures by having the Fiscal Officer provide budgetary reports at least quarterly to be reviewed and approved by the Village Council. By regularly monitoring its budgetary position throughout the year, the District will be better able to determine when amendments need to be made to original appropriations thus avoiding negative fund balances, and will be better prepared for making decisions which effect the overall cash position of the Village.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-008

Noncompliance/Material Weakness

Ohio Rev. Code § 5705.41 (D)(1) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This 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.

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 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 Fiscal Officer did not certify the availability of funds prior to purchase commitment for any expenditure during 2017 and 2016. There was no evidence the Village followed the aforementioned exceptions. The Village did not have sufficient internal controls in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash fund balances. This also resulted in unrecorded encumbrances for 2017 and 2016. However, due to lack of supporting documentation, we were unable to determine a dollar amount.

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also 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 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. In addition, the budgetary presentation should include outstanding encumbrances at year end.

**FINDING NUMBER 2017-008
(Continued)**

We recommend the Village officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 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 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-009

Material Weakness

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

We noted the following conditions related to the Village's 2016 financial statements:

- Unclassified receipts were understated by \$380 in the General Fund, \$239 in the Street Construction Fund, \$19 in the State Highway Fund and \$310,705 in the Sewer Project Fund.
- Unclassified expenditures were understated by \$745 in the General Fund and \$157,398 in the Sewer Project Fund.
- Unassigned fund balance was overstated and the restricted fund balance was understated by \$29,859 in the Street Construction Fund, and \$894 in the State Highway Fund, respectively.

We noted the following conditions related to the Village's 2017 financial statements:

- Unclassified receipts were overstated by \$30 in the General Fund, and understated by \$320 in the Street Construction Fund, \$26 in the State Highway Fund and \$25,282 in the Sewer Project Fund.
- Unclassified expenditures were understated by \$1,040 in the General Fund and \$32,638 in the Sewer Project Fund, and overstated by \$81 in the Street Construction Fund.
- Unassigned fund balance was overstated and assigned fund balance was understated by \$7,374 in the General Fund
- Unassigned fund balance was overstated and the restricted fund balance was understated by \$30,147 in the Street Construction Fund, and \$727 in the State Highway Fund, respectively.

The Village made additional errors in fund cash balances in the amount of \$70 in 2016.

The Village corrected the financial statements and accounting records where appropriate.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Village.

**FINDING NUMBER 2017-009
(Continued)**

We recommend that the Village accurately record financial transactions.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-010

Noncompliance

Ohio Rev. Code § 149.351 provides that all records are the property of the public office 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 Sections 149.38 to 149.42, 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, we were unable to match several disbursements to supporting documentation, such as an invoice. Therefore, disbursements could not be determined to be for a proper public purpose due to lack of supporting documentation. We performed alternative procedures to gain assurances over disbursements.

Also, the Village did not provide the supporting documentation requested for audit for two miscellaneous receipts in 2017 and one miscellaneous receipt in 2016.

The Village should develop policies and procedures outlining the security of all records or take a written inventory of all records noting the records description and location. All records should be maintained in a secure central location, such as locked file cabinets or in a locked office, with access limited to specific officials and/or personnel. Disposal of records should only be made in accordance with an approved records retention schedule.

We recommend the Fiscal Officer keep supporting documentation for all transactions.

Officials' Response:

We did not receive a response from Officials to this finding.

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VILLAGE OF ROME**ADAMS COUNTY**

120 Second Street

Stout, Ohio

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|---------------|--|
| 2015-001 | Management Oversight- The Village did not have adequate segregation of duties | Not corrected | Reissued finding 2017-002 |
| 2015-002 | Accounting Records/Classified Financial Statements- The Village does not keep complete and accurate financial records. | Not corrected | Reissued finding 2017-003 |
| 2015-003 | HINKLE Filing-The Village did not file its 2015 or 2014 reports | Not corrected | Reissued finding 2017-005 |
| 2015-004 | Reconciliations- The Fiscal Officer did not prepared monthly bank reconciliations | Not Corrected | Reissued finding 2017-001 |
| 2015-005 | Appropriations- The appropriations were not formally adopted for 2015 | Not corrected | Reissued in management letter- were adopted late |
| 2015-006 | Supporting Documentation- The Village did not retain documentation for supporting disbursements | Not corrected | Reissued finding 2017-010 |
| 2015-007 | Revenues and Disbursement Classification- many receipts and disbursements were not posted to the accounting system properly | Not corrected | Reissued finding 2017-009 |
| 2015-008 | Encumbering- The Village does not certify the availability of funds prior to purchase commitment for any expenditure | Not corrected | Reissued finding 2017-008 |
| 2015-009 | Appropriations exceed Estimated Resources in 2014 | Not corrected | Reissued finding 2017-006 |

| | | | |
|----------|--|---------------|---------------------------|
| 2015-010 | Expenditures exceed Appropriations in 2015 general, street construction, and sewer funds | Not corrected | Reissued finding 2017-007 |
| 2015-011 | Payroll Taxes- were not remitted during the audit period | Not corrected | Reissued finding 2017-004 |



Dave Yost • Auditor of State

VILLAGE OF ROME

ADAMS 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, 2018