



**ROME TOWNSHIP  
LAWRENCE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**ROME TOWNSHIP  
LAWRENCE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Rome Township  
Lawrence County  
31 Township Road 1194  
Proctorville, Ohio 45669

To the Board of Trustees:

We have audited the accompanying financial statement of Rome Township, Lawrence County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Rome Township, Lawrence County, Ohio, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 30, 2001

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**ROME TOWNSHIP  
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES-  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 34,383	\$ 170,857	\$ 205,240
Intergovernmental	49,659	120,602	170,261
Interest	9,006	2,143	11,149
Other Revenue	389	7,231	7,620
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	93,437	300,833	394,270
<b>Cash Disbursements:</b>			
Current:			
General Government	66,958	15,500	82,458
Public Safety		42,517	42,517
Public Works	65,119	148,418	213,537
Health	1,625		1,625
Debt Service:			
Redemption of Principal		8,119	8,119
Interest and Fiscal Charges		2,106	2,106
Capital Outlay		1,153	1,153
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	133,702	217,813	351,515
Total Cash Receipts Over/(Under) Cash Disbursements	(40,265)	83,020	42,755
<b>Other Financing Sources:</b>			
Other Financing Sources:			
Transfers In	34,730		34,730
Transfers Out		(34,730)	(34,730)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	34,730	230,270	265,000
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	(5,535)	313,290	307,755
Fund Cash Balances, January 1	166,889	248,730	415,619
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 161,354</b>	<b>\$ 562,020</b>	<b>\$ 723,374</b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31, 2000	\$ 114	\$ 4,526	\$ 4,640
	<hr/>	<hr/>	<hr/>

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

**ROME TOWNSHIP  
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES-  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$ 33,210	\$ 163,932	\$	\$ 197,142
Intergovernmental	102,532	86,957	40,861	230,350
Interest	5,215	1,609		6,824
Gifts and Donations		10,000		10,000
Other Revenue	25	2,293		2,318
	<u>140,982</u>	<u>264,791</u>	<u>40,861</u>	<u>446,634</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
General Government	62,661	135		62,796
Public Safety		33,065		33,065
Public Works	30,406	102,958		133,364
Health	1,942			1,942
Capital Outlay	3,150	23,950	40,861	67,961
	<u>98,159</u>	<u>160,108</u>	<u>40,861</u>	<u>299,128</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	42,823	104,683	0	147,506
<b>Other Financing Sources:</b>				
Proceeds from Note				0
Sale of Fixed Assets	2,525			2,525
	<u>2,525</u>	<u>0</u>	<u>0</u>	<u>2,525</u>
Total Other Financing Sources				
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	45,348	104,683		150,031
Fund Cash Balances, January 1	121,541	144,047	0	265,588
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 166,889</u></b>	<b><u>\$ 248,730</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 415,619</u></b>
Reserves for Encumbrances, December 31, 1999	<u>\$ 3,583</u>	<u>\$ 922</u>	<u>\$ 0</u>	<u>\$ 4,505</u>

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



**ROME TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Rome Township, Lawrence County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance and fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash**

Certificates of Deposit are valued at cost. The Township had no investments during the audit period.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

*Fire Fund* - This fund receives property tax money to provide fire protection through contracts with other governmental entities.

**ROME TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Permissive Tax Fund*- This fund receives state sales tax money for constructing, maintaining, and repairing Township roads and bridges.

**3. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

*Ohio Public Works Commission (OPWC) Fund* - The Township received a pass through grant from the State of Ohio for joint resurfacing project

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end. The Township did not encumber all commitments required by Ohio law.

**2. 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 also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**ROME TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**G. Unpaid Vacation**

Full time employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as liabilities under the basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$502,133	\$81,702
Certificates of deposit	221,241	112,552
Money Fund Plus Account		221,365
Total deposits	<u>\$723,374</u>	<u>\$415,619</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,607	\$ 128,167	\$ 41,560
Special Revenue	275,027	565,833	290,806
Total	<u>\$ 361,634</u>	<u>\$ 694,000</u>	<u>\$ 332,366</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 257,657	\$ 133,816	\$ 123,841
Special Revenue	524,986	257,069	267,917
Total	<u>\$ 782,643</u>	<u>\$ 390,885</u>	<u>\$ 391,758</u>

**ROME TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 82,144	\$ 143,507	\$ 61,363
Special Revenue	232,902	264,791	31,889
Capital Projects	58,200	40,861	(17,339)
Total	\$ 373,246	\$ 449,159	\$ 75,913

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 201,387	\$ 98,159	\$ 99,645
Special Revenue	332,782	160,108	171,752
Capital Projects	58,200	40,861	17,339
Total	\$ 592,369	\$ 299,128	\$ 288,736

The Township did not encumber all commitments, contrary to ORC § 5705.41D.

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located in the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**ROME TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. LEASES**

The Township entered into leases for a tractor mower in 1999 and for fire apparatus in 2000. The \$35,634 lease obtained in 1999 to purchase a tractor mower is being paid from the Gas, Motor Vehicle, and Road and Bridge Funds. The \$265,000 lease obtained in 2000 to purchase fire apparatus is being paid from the Fire Fund. The leases are secured by the tractor and the fire apparatus equipment.

The following is a schedule by year of future minimum lease payments together with the related present values:

Year ending December 31:	Tractor Mower	Fire Trucks
2001	\$10,225	\$62,483
2002	10,225	62,483
2003	10,225	62,483
2004		62,483
2005		62,483
Net Minimum Lease Payments	\$30,675	\$312,415
Interest	3,160	47,415
Present Value of Net Minimum Lease Payments	\$ 27,515	\$ 265,000

**6. RETIREMENT SYSTEM**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**ROME TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. OTARMA may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public officials' liability
- Vehicle

**8. SUBSEQUENT EVENTS**

In October 2000 the Township purchased a Fire Truck in the amount of \$367,201. The Township obtained a loan in the amount of \$265,000 during 2000 to purchase the truck. Subsequent to December 31, 2000, the Township redeemed certificates of deposit and Money Fund Plus Account assets to pay the remaining \$102,201 owed for this equipment.



STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Rome Township  
Lawrence County  
31 Township Road 1194  
Proctorville, Ohio 45669

To the Board of Trustees:

We have audited the accompanying financial statements of Rome Township, Lawrence County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 30, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item number 2000-40744-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated April 30, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 30, 2001.

Rome Township  
Lawrence County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 30, 2001



**ROME TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-40744-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the taxing authority.

Funds were not certified prior to a purchase commitment being made. By not certifying funds prior to a purchase commitment, this may cause the Township to obligate money it does not have.

We recommend the Township obtain the fiscal officer's certificate prior to an obligation being incurred.

**ROME TOWNSHIP  
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2000 AND 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-40744-001	Clerk intends to begin certifying funds prior to incurring obligations.	April 30, 2001	Maxine Jenkins, Clerk



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**ROME TOWNSHIP**

**LAWRENCE 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  
JUNE 26, 2001**