



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

ROME TOWNSHIP
LAWRENCE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2010 and 2009
Fiscal Years Audited Under GAGAS: 2010 and 2009



Dave Yost • Auditor of State

Board of Trustees
Rome Township
21324 Township Road 243
Proctorville, Ohio 45669

We have reviewed the *Independent Auditor's Report* of Rome Township, Lawrence County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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

Dave Yost
Auditor of State

November 2, 2011

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Rome Township
Lawrence County, Ohio
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For the Fiscal Years Ended December 31, 2010 and 2009

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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Board of Trustees
Rome Township
Lawrence County
21324 Township Road 243
Proctorville, Ohio 45669

We have audited the accompanying financial statements of Rome Township, Lawrence County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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

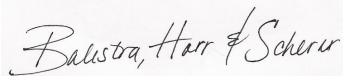
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America,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

Board of Trustees
Rome Township
Lawrence County
Independent Auditors' Report

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2011, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

July 20, 2011

Rome Township, Lawrence County
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Special Revenue Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 60,593	\$ 218,472	\$ 279,065
Intergovernmental	114,894	141,501	256,395
Licenses, Permits, and Fees	79,881	-	79,881
Earnings on Investments	497	-	497
Miscellaneous	1,497	3,000	4,497
	<u>257,362</u>	<u>362,973</u>	<u>620,335</u>
<i>Total Receipts</i>			
Disbursements			
Current:			
General Government	245,091	-	245,091
Public Safety	-	44,497	44,497
Public Works	-	228,998	228,998
Capital Outlay	35,000	50,257	85,257
Debt Service:			
Redemption of Principal	16,227	33,815	50,042
Interest and Fiscal Charges	4,033	8,973	13,006
	<u>300,351</u>	<u>366,540</u>	<u>666,891</u>
<i>Total Disbursements</i>			
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(42,989)</u>	<u>(3,567)</u>	<u>(46,556)</u>
Other Financing Sources			
Transfers In	-	4,354	4,354
Transfers Out	(4,354)	-	(4,354)
Proceeds from Insurance	-	16,000	16,000
	<u>(4,354)</u>	<u>20,354</u>	<u>16,000</u>
<i>Total Other Financing Sources</i>			
<i>Net Change in Fund Balances</i>	(47,343)	16,787	(30,556)
<i>Fund Balances - Beginning of Year</i>	461,370	402,883	864,253
<i>Fund Balances - End of Year</i>	<u>\$ 414,027</u>	<u>\$ 419,670</u>	<u>\$ 833,697</u>

See accompanying notes to the basic financial statements.

Rome Township, Lawrence County
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2009

	General Fund	Special Revenue Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 59,502	\$ 215,338	\$ 274,840
Intergovernmental	21,151	135,877	157,028
Licenses, Permits, and Fees	75,132	-	75,132
Earnings on Investments	484	-	484
Miscellaneous	3,451	2,853	6,304
<i>Total Receipts</i>	<u>159,720</u>	<u>354,068</u>	<u>513,788</u>
Disbursements			
Current:			
General Government	169,810	-	169,810
Public Safety	-	33,852	33,852
Public Works	-	232,644	232,644
Capital Outlay	-	63,256	63,256
Debt Service:			
Redemption of Principal	15,522	39,357	54,879
Interest and Fiscal Charges	4,738	11,716	16,454
<i>Total Disbursements</i>	<u>190,070</u>	<u>380,825</u>	<u>570,895</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(30,350)</u>	<u>(26,757)</u>	<u>(57,107)</u>
Other Financing Sources			
Proceeds from Insurance	-	5,720	5,720
<i>Total Other Financing Sources</i>	<u>-</u>	<u>5,720</u>	<u>5,720</u>
<i>Net Change in Fund Balances</i>	(30,350)	(21,037)	(51,387)
<i>Fund Balances - Beginning of Year</i>	<u>491,720</u>	<u>423,920</u>	<u>915,640</u>
<i>Fund Balances - End of Year</i>	<u>\$ 461,370</u>	<u>\$ 402,883</u>	<u>\$ 864,253</u>

See accompanying notes to the basic financial statements.

**ROME TOWNSHIP
LAWRENCE COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Rome Township, Lawrence County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and fire protection.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) which is an insurance risk-sharing pool available to Ohio Townships. Note 7 provides additional information regarding this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash Deposit

The Township has one demand deposit.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Fire Fund – This fund receives tax money for fire protections services.

Gasoline Tax Fund – This fund receives gasoline tax money to pay constructing, maintaining, and repairing township roads.

**ROME TOWNSHIP
LAWRENCE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Permissive Motor Vehicle License Tax Fund – This fund receives permissive motor vehicle licenses tax money to pay for constructing, maintaining, and repairing Township roads.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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

F. Property, Plant and Equipment

The Township records disbursements for acquisition of property, plant and equipments when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving unemployment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Cash and Investments

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

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$ 833,697</u>	<u>\$ 864,253</u>

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

**ROME TOWNSHIP
LAWRENCE COUNTY**

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

3. Budgetary Activity

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

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 157,286	\$ 257,362	\$ 100,076
Special Revenue	359,781	383,327	23,546
Total	\$ 517,067	\$ 640,689	\$ 123,622

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 351,000	\$ 304,705	\$ 46,295
Special Revenue	615,351	366,540	248,811
Total	\$ 966,351	\$ 671,245	\$ 295,106

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 160,919	\$ 159,720	\$ (1,199)
Special Revenue	360,913	359,788	(1,125)
Total	\$ 521,832	\$ 519,508	\$ (2,324)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 319,000	\$ 190,070	\$ 128,930
Special Revenue	377,773	380,825	(3,052)
Total	\$ 696,773	\$ 570,895	\$ 125,878

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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 property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to the following June 20.

Public utilities are also taxed on personal and real property located within 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.

**ROME TOWNSHIP
LAWRENCE COUNTY**

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

4. Property Tax (Continued)

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

5. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Building Bonds	\$ 72,617	4.54%
Fire Truck Bonds	160,556	4.50%
Total	\$ 233,173	

The building bonds were issued to finance the purchase of property within the Township. The bonds were collateralized by the taxing authority.

The Fire Truck Bonds were issued to finance the purchase of a new fire truck to be used for fire protection within the Township.

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

	Building Bonds	Fire Truck Bond	Total
Year Ending December 31:			
2011	\$ 20,260	\$ 71,355	\$ 91,615
2012	20,260	51,025	71,285
2013	20,260	51,025	71,285
2014	20,261	-	20,261
Total	\$ 81,041	\$ 173,405	\$ 254,446

6. Retirement Systems

The Townships' employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**ROME TOWNSHIP
LAWRENCE COUNTY**

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

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 of casualty claims and \$150,000 for property claims.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with the generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:

	2010	2009
Assets	\$ 35,855,252	\$ 38,982,088
Liabilities	(10,664,724)	(12,880,766)
Net Assets	\$ 25,190,528	\$ 26,101,322

At December 31, 2010 and 2009, respectively, casualty coverage liabilities noted above include approximately \$9.9 million and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$7,500.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

The Township's contributions to OTARMA for the past three years are as follows:

Contributions to OTARMA	
2008	\$ 6,387
2009	\$ 6,954
2010	\$ 8,130

**ROME TOWNSHIP
LAWRENCE COUNTY**

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

7. Risk Management (Continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. 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.

9. Compliance

Contrary to Ohio Revised Code Section 5705.41(D) the Township did not properly encumber funds prior to expending them.

Contrary to Ohio Revised Code Section 5705.41(B) the Township had expenditures in excess of appropriations in 2009.



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Board of Trustees
Rome Township
Lawrence County
21324 Township Road 243
Proctorville, Ohio 45669

We have audited the financial statements of Rome Township, Lawrence County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 20, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-03 to be a significant deficiency. 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.

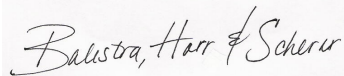
Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under Government Auditing Standards which are described in the accompanying schedule of findings as items 2010-01 through 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 20, 2011.

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

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



Balestra, Harr & Scherer, CPAs, Inc.
July 20, 2011

**ROME TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2010 and 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Material Noncompliance

Ohio Rev. Code, Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides two “exceptions” to the above requirements:

- A. 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 Township can authorize the drawing of a warrant for the payment or the amount due. The Township can authorize the drawing of a warrant for the payment of the amount due. The Township 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 maybe 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 Township.

- B. 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 on particular line item appropriation.
- C. Super Blanket Certificate – The Township 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 reasonable 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 Township did not properly encumber all required purchases prior to making a purchase obligation during 2009 and 2010.

Every effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying funds prior to making a purchase obligation. Failure to properly certify funds could result in overspending and negative fund balances.

The Township should certify purchases to which 5705.41 (D) applies. The most convenient method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**ROME TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2010 and 2009**

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

FINDING NUMBER 2010-01(Continued)

Material Noncompliance

Client Response:

The fiscal officer will work with the Trustees to ensure future purchase orders and blanket certificates are approved prior to actual expenditure. The fiscal officer will talk with the State of Ohio/UAN regarding obligating funds to PO before receipt of special funds.

FINDING NUMBER 2010-02

Material Noncompliance

Ohio Revised Code section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Township had expenditures in excess of appropriations in the Motor Vehicle, Gasoline Tax, Road & Bridge, and Permissive Motor Vehicle License Special Revenue Funds in 2009.

The Township should monitor the level of expenditures, and when it becomes apparent that the level of expenditures will exceed the level of appropriation, a resolution to increase appropriations should be passed.

Clients Response:

The fiscal officer will make certain to obtain certificate of revenue approval for all receipts.

FINDING NUMBER 2010-03

Significant Deficiency

Material reclassifications to the issued financial statements were identified by the Auditor which should have been prevented or detected by the Township's internal controls over financial reporting. The material misstatements were identified in the following areas:

- Miscellaneous Receipts
- Property Tax Receipts
- Principal and Interest Payments

The accompanying financial statements were adjusted to reflect the correction of the material misstatements. The Township should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

All reclassifications have been posted to the audited financial statements. Reclassifications are not necessary to post to the accounting system.

Clients Response:

The fiscal officer will closely monitor activity in specific areas of detailed expenditure activity.

**ROME TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2010 and 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	ORC Section 5705.41D properly encumbering funds	No	Reissued as 2010-01

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Dave Yost • Auditor of State

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
NOVEMBER 15, 2011**