



Balestra, Harr & Scherer, CPAs, Inc.

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

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ROME TOWNSHIP
LAWRENCE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2012 and 2011
Fiscal Years Audited Under GAGAS: 2012 and 2011



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, 2011 through December 31, 2012. 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

June 13, 2013

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**Rome Township
Lawrence County, Ohio**

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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

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Rome Township, Lawrence County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair 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 Township'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 Township's internal control. Accordingly, we express no 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 opinion.

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

As described in Note 1 of the financial statements, the Township 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Board of Trustees
Rome Township
Lawrence County
Independent Auditors' Report

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis of 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 Township as of December 31, 2012 and 2011, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Rome Township, Lawrence County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements 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 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 9 to the financial statements, during 2011 Rome Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 2, 2013, 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. 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 Township's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
May 2, 2013

Rome Township, Lawrence County
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 55,859	\$ 200,530	\$ 256,389
Intergovernmental	26,430	154,629	181,059
Licenses, Permits, and Fees	88,959	-	88,959
Miscellaneous	8,800	-	8,800
	-	-	-
<i>Total Receipts</i>	<u>180,048</u>	<u>355,159</u>	<u>535,207</u>
Disbursements			
Current:			
General Government	249,315	-	249,315
Public Safety	-	68,058	68,058
Public Works	-	194,457	194,457
Capital Outlay	-	83,998	83,998
Debt Service:			
Redemption of Principal	17,734	46,725	64,459
Interest and Fiscal Charges	2,563	3,026	5,589
	-	-	-
<i>Total Disbursements</i>	<u>269,612</u>	<u>396,264</u>	<u>665,876</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(89,564)</u>	<u>(41,105)</u>	<u>(130,669)</u>
Other Financing Sources			
Sale of Bonds	-	60,000	60,000
Other Financing Sources	1,000	-	1,000
	-	-	-
<i>Total Other Financing Sources</i>	<u>1,000</u>	<u>60,000</u>	<u>61,000</u>
<i>Net Change in Fund Balances</i>	(88,564)	18,895	(69,669)
<i>Fund cash Balances - January 1</i>	<u>314,148</u>	<u>466,213</u>	<u>780,361</u>
Fund Cash Balances, December 31			
Restricted	-	485,108	485,108
Unassigned	225,584	-	225,584
	-	-	-
<i>Fund Cash Balances, December 31</i>	<u>\$ 225,584</u>	<u>\$ 485,108</u>	<u>\$ 710,692</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, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 60,427	\$ 206,436	\$ 266,863
Intergovernmental	47,466	153,880	201,346
Licenses, Permits, and Fees	85,496	-	85,496
Earnings on Investments	55	-	55
Miscellaneous	17,843	904	18,747
<i>Total Receipts</i>	<u>211,287</u>	<u>361,220</u>	<u>572,507</u>
Disbursements			
Current:			
General Government	291,910	-	291,910
Public Safety	-	61,236	61,236
Public Works	-	171,558	171,558
Capital Outlay	-	9,559	9,559
Debt Service:			
Redemption of Principal	16,964	44,701	61,665
Interest and Fiscal Charges	3,297	27,623	30,920
<i>Total Disbursements</i>	<u>312,171</u>	<u>314,677</u>	<u>626,848</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(100,884)</u>	<u>46,543</u>	<u>(54,341)</u>
Other Financing Sources			
Other Financing Sources	1,005	-	1,005
<i>Total Other Financing Sources</i>	<u>1,005</u>	<u>-</u>	<u>1,005</u>
<i>Net Change in Fund Balances</i>	(99,879)	46,543	(53,336)
<i>Fund cash Balances - January 1</i>	<u>414,027</u>	<u>419,670</u>	<u>833,697</u>
Fund Cash Balances, December 31			
Restricted	-	466,213	466,213
Unassigned	314,148	-	314,148
<i>Fund Cash Balances, December 31</i>	<u>\$ 314,148</u>	<u>\$ 466,213</u>	<u>\$ 780,361</u>

See accompanying notes to the basic financial statements.

**Rome Township
Lawrence County**

Notes to the Financial Statements
December 31, 2012 and 2011

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:

**Rome Township
Lawrence County**

Notes to the Financial Statements
December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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.

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

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 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.

**Rome Township
Lawrence County**

Notes to the Financial Statements
December 31, 2012 and 2011

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:

	2012	2011
Demand deposits	\$ 710,692	\$ 780,361

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and December 31, 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 221,863	\$ 181,048	\$ (40,815)
Special Revenue	421,122	415,159	(5,963)
Total	\$ 642,985	\$ 596,207	\$ (46,778)

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 516,788	\$ 269,612	\$ 247,176
Special Revenue	678,800	396,264	282,536
Total	\$ 1,195,588	\$ 665,876	\$ 529,712

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 256,362	\$ 212,292	\$ (44,070)
Special Revenue	378,973	361,220	(17,753)
Total	\$ 635,335	\$ 573,512	\$ (61,823)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 414,000	\$ 312,171	\$ 101,829
Special Revenue	407,575	314,677	92,898
Total	\$ 821,575	\$ 626,848	\$ 194,727

**Rome Township
Lawrence County**

Notes to the Financial Statements
December 31, 2012 and 2011

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.

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, 2012 was as follows:

	Principal	Interest Rate
Building Bonds	\$ 37,919	4.54%
Fire Truck Bonds	69,130	4.50%
Mower Bonds	60,000	2.00%
Total	\$ 167,049	

The building bonds were issued to finance the purchase of property with in 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.

The Equipment Bonds were issued to finance the purchase a tractor and mower to be used for maintaining the township roadways.

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

	Building Bonds	Equipment Bonds	Fire Truck Bond	Total
Year Ending December 31:				
2013	\$ 20,260	\$ 12,729	\$ 51,025	\$ 84,014
2014	20,261	12,729	-	32,990
2015	-	12,729	-	12,729
2016	-	12,730	-	12,730
2017	-	12,730	-	12,730
Total	\$ 40,521	\$ 63,647	\$ 51,025	\$ 155,193

**Rome Township
Lawrence County**

Notes to the Financial Statements
December 31, 2012 and 2011

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 2012 and 2011, 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, 2012.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$ 35,086,165	\$ 35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Net Assets	<u>\$ 25,367,373</u>	<u>\$ 25,190,528</u>

**Rome Township
Lawrence County**

Notes to the Financial Statements
December 31, 2012 and 2011

7. Risk Management (Continued)

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$6,200.

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:

<u>Contributions to OTARMA</u>		
2010	\$	8,130
2011	\$	9,371
2012	\$	9,330

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.

**Rome Township
Lawrence County**

Notes to the Financial Statements
December 31, 2012 and 2011

9. Fund Balances

The Township implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
December 31, 2011			
Restricted for:			
Motor Vehicle & License	\$ -	\$ 7,085	\$ 7,085
Gasoline Tax	-	32,755	32,755
Road & Bridge	-	23,652	23,652
Fire District	-	379,993	379,993
Permissive Motor Vehicle & License	-	22,728	22,728
Total Restricted	<u>-</u>	<u>466,213</u>	<u>466,213</u>
Unassigned (Deficit)	<u>314,148</u>	<u>-</u>	<u>314,148</u>
Total Fund Balances	<u><u>\$ 314,148</u></u>	<u><u>\$ 466,213</u></u>	<u><u>\$ 780,361</u></u>
December 31, 2012			
Restricted for:			
Motor Vehicle & License	\$ -	\$ 16,906	\$ 16,906
Gasoline Tax	-	35,503	35,503
Road & Bridge	-	20,704	20,704
Fire District	-	402,096	402,096
Permissive Motor Vehicle & License	-	9,899	9,899
Total Restricted	<u>-</u>	<u>485,108</u>	<u>485,108</u>
Unassigned (Deficit)	<u>225,584</u>	<u>-</u>	<u>225,584</u>
Total Fund Balances	<u><u>\$ 225,584</u></u>	<u><u>\$ 485,108</u></u>	<u><u>\$ 710,692</u></u>



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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, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Rome Township, Lawrence County, (the Township) as of and for the years ended December 31, 2012 and 2011 and the related notes to the financial statements, and have issued our report thereon dated May 2, 2013, wherein we noted the Township followed accounting and financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, described in Note 1 and implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting 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 Township'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 Township'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2012-01 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Responses to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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 Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
May 2, 2013

**Rome Township
Lawrence County**

Schedule of Findings
December 31, 2012 and 2011

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

FINDING NUMBER 2012-01

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:

- Intergovernmental 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 office will closely monitor activity in specific areas of detailed expenditure activity.

**Rome Township
Lawrence County**

Schedule of Prior Audit findings
December 31, 2012 and 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-01	ORC Section 5705.41D properly encumbering funds	Yes	
2010-02	ORC section 5705.41(B) properly appropriating funds	Yes	
2010-03	Significant Deficiency material reclassifications	No	Reissued 2012-01

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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
JUNE 27, 2013**