



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ROME TOWNSHIP
ASHTABULA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Rome Township
Ashtabula County
PO Box 5057
Rome, OH 44085

To the Board of Trustees:

We have audited the accompanying financial statements of Rome Township (the Township) as of and for the years ended December 31, 2001 and 2000. 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 *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 present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, 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 10, 2002 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 management, the Board 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 10, 2002

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ROME TOWNSHIP
ASHTABULA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$28,643	\$68,976	\$65,931			\$163,550
Intergovernmental	25,188	91,894				117,082
Special Assessments				1,533		1,533
Licenses, Permits, and Fees	942	900				1,842
Earnings on Investments	4,113	407			4	4,524
Other Revenue	4,644	21,191				25,835
Total Cash Receipts	63,530	183,368	65,931	1,533	4	314,366
Cash Disbursements:						
Current:						
General Government	33,785					33,785
Public Safety		34,465				34,465
Public Works	2,732	101,407		1,535		105,674
Health	9,634	4,068				13,702
Conservation - Recreation	3,520					3,520
Debt Service:						
Redemption of Principal			61,500			61,500
Interest and Fiscal Charges			3,754			3,754
Capital Outlay	109	44,579				44,688
Total Cash Disbursements	49,780	184,519	65,254	1,535		301,088
Total Receipts Over/(Under) Disbursements	13,750	(1,151)	677	(2)	4	13,278
Fund Cash Balances, January 1	39,247	142,917	2,042	4	161	184,371
Fund Cash Balances, December 31	\$52,997	\$141,766	\$2,719	\$2	\$165	\$197,649

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

**ROME TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$49
Total Operating Cash Receipts	49
Operating Cash Disbursements:	
Supplies and Materials	
Total Operating Cash Disbursements	
Operating Income/(Loss)	49
Fund Cash Balances, January 1	2,157
Fund Cash Balances, December 31	\$2,206

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

ROME TOWNSHIP
ASHTABULA COUNTY

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

	Governmental Fund Types				Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$28,567	\$71,899	\$62,363			\$162,829
Intergovernmental	34,755	81,090				115,845
Special Assessments				1,671		1,671
Licenses, Permits, and Fees	1,542	1,450				2,992
Earnings on Investments	3,724	482			2	4,208
Other Revenue	1,315	22,270				23,585
Total Cash Receipts	69,903	177,191	62,363	1,671	2	311,130
Cash Disbursements:						
Current:						
General Government	35,326					35,326
Public Safety		23,427				23,427
Public Works	4,009	104,338		2,524		110,871
Health	7,190	1,796				8,986
Conservation - Recreation	2,175	14,585				16,760
Debt Service:						
Redemption of Principal			55,800			55,800
Interest and Fiscal Charges			5,904			5,904
Capital Outlay	6,791	15,506				22,297
Total Cash Disbursements	55,491	159,652	61,704	2,524		279,371
Total Receipts Over/(Under) Disbursements	14,412	17,539	659	(853)	2	31,759
Other Financing Receipts/(Disbursements):						
Transfers-In		3,646				3,646
Advances-In		12,354				12,354
Transfers-Out	(3,646)					(3,646)
Advances-Out	(12,354)					(12,354)
Total Other Financing Receipts/(Disbursements)	(16,000)	16,000				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,588)	33,539	659	(853)	2	31,759
Fund Cash Balances, January 1	40,835	109,378	1,383	857	159	152,612
Fund Cash Balances, December 31	\$39,247	\$142,917	\$2,042	\$4	\$161	\$184,371
Reserve for Encumbrances, December 31	\$350					\$350

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

**ROME TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$36
Total Operating Cash Receipts	36
Operating Cash Disbursements:	
Supplies and Materials	
Total Operating Cash Disbursements	
Operating Income/(Loss)	36
Fund Cash Balances, January 1	2,121
Fund Cash Balances, December 31	\$2,157

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

**ROME TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Rome Township, Ashtabula 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. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township maintains its own Volunteer Fire Department to provide fire services with assistance from South Central Ambulance District (SCAD) to provide ambulance services.

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 and Investments

The Township maintained a general operating (NOW) account and had investments in STAR Ohio and cemetery bequest savings passbooks during the audit period.

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. STAR Ohio funds are recorded at share values reported by the mutual fund.

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:

**ROME TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Special Levy Fire - This fund receives levy proceeds which are used to provide emergency medical services to township citizens.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had a Note Retirement Fund which was used to retire debt for a fire truck and backhoe that the township purchased. The backhoe was paid off during the audit period, but there was still debt outstanding for the fire truck at December 31, 2001.

4. Capital Projects Funds

These funds are 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 projects funds:

Street Lighting Fund - The Township received special assessments with the real estate settlement to pay for a portion of the street lighting (the General Fund was also utilized).

5. Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Township had the following significant fiduciary funds:

Nonexpendable Trust Funds - Stintson and Horn Cemetery Bequests

Expendable Trust Fund - Cemetery Association

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 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.

**ROME TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2001 and 2000 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>\$192,754</u>	<u>\$179,710</u>
STAR Ohio- Investment	<u>7,101</u>	<u>6,818</u>
Total deposits and investments	<u><u>\$199,855</u></u>	<u><u>\$186,528</u></u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**ROME TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,400	\$63,530	\$3,130
Special Revenue	223,739	183,368	(40,371)
Debt Service	66,931	65,931	(1,000)
Capital Projects	2,230	1,533	(697)
Expendable Trust	188	4	(\$184)
Nonexpendable Trust	2,207	49	(\$2,158)
Total	\$355,695	\$314,415	(\$41,280)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$96,343	\$49,780	\$46,563
Special Revenue	300,154	184,519	115,635
Debt Service	68,973	65,254	3,719
Capital Projects	2,200	1,535	665
Expendable Trust	0	0	0
Nonexpendable Trust	0	0	0
Total	\$467,670	\$301,088	\$166,582

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,899	\$69,903	\$4
Special Revenue	189,620	180,837	(8,783)
Debt Service	63,560	62,363	(1,197)
Capital Projects	2,000	1,671	(329)
Expendable Trust	186	2	(\$184)
Nonexpendable Trust	2,168	36	(\$2,132)
Total	\$327,433	\$314,812	(\$12,621)

**ROME TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,447	\$59,487	\$50,960
Special Revenue	235,555	159,652	75,903
Debt Service	62,362	61,704	658
Capital Projects	2,850	2,524	326
Expendable Trust	0	0	0
Nonexpendable Trust	0	0	0
Total	\$411,214	\$283,367	\$127,847

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**ROME TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT

Risk Pool Membership

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 insurance 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 judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation. If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

B. Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding up \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

C. Financial Position

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

Casualty Coverage	<u>2000</u>	<u>2001</u>
Assets	\$22,684,383	\$23,703,776
Liabilities	<u>8,924,977</u>	<u>9,379,003</u>
Retained Earnings	<u>\$13,759,406</u>	<u>\$14,324,773</u>
Property Coverage		
Assets	\$4,156,784	\$5,011,131
Liabilities	<u>497,831</u>	<u>647,667</u>
Retained Earnings	<u>\$3,658,953</u>	<u>\$4,363,464</u>

**ROME TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$50,303	5.00% & 5.75%

The Township purchased a fire truck and tractor/boom mower with the General Obligation Notes. The Notes are collateralized by the Township's taxing authority.

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

<u>Year Ending December 31:</u>	General Obligation Notes
2002	\$53,055

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OFFICE OF THE AUDITOR

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

Rome Township
Ashtabula County
PO Box 5057
Rome, OH 44085

To the Board of Trustees:

We have audited the accompanying financial statements of Rome Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 10, 2002. 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 *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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted one immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 10, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements 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 10, 2002.

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

April 10, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ROME TOWNSHIP

ASHTABULA 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
MAY 21, 2002**