



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF NEW ROME
FRANKLIN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of New Rome
Franklin County
30 Maple Drive
Columbus, OH 43228

To the Mayor and Village Council:

We have audited the accompanying financial statements of the Village of New Rome, Franklin County, Ohio, (the Village) as of and for the year ended December 31, 2001. These financial statements are the responsibility of the Village'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 described in Note 1, the Village 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 of the Village as of December 31, 2001, and its combined cash receipts and disbursements for the year 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 5, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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, Village Council 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 5, 2002

**VILLAGE OF NEW ROME
FRANKLIN COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$17,213	\$0	\$0	\$17,213
Intergovernmental Receipts	1,357	8,649	0	10,006
Charges for Services	30	0	0	30
Fines, Licenses, and Permits	377,651	25,883	0	403,534
Earnings on Investments	65	0	0	65
Miscellaneous	15,209	0	0	15,209
Total Cash Receipts	411,525	34,532	0	446,057
Cash Disbursements:				
Current:				
Security of Persons and Property	324,655	4,073	0	328,728
Public Health Services	185	0	0	185
Transportation	469	13,747	0	14,216
General Government	52,779	0	0	52,779
Debt Service:				
Principal Payments	0	0	70,000	70,000
Interest Payments	0	0	4,210	4,210
Total Cash Disbursements	378,088	17,820	74,210	470,118
Total Receipts Over/(Under) Disbursements	33,437	16,712	(74,210)	(24,061)
Other Financing Receipts and (Disbursements):				
Transfers-In	0	3,500	64,770	68,270
Transfers-Out	(68,270)	0	0	(68,270)
Total Other Financing Receipts/(Disbursements)	(68,270)	3,500	64,770	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(34,833)	20,212	(9,440)	(24,061)
Fund Cash Balances, January 1	96,842	57,052	9,440	163,334
Fund Cash Balances, December 31	\$62,009	\$77,264	\$0	\$139,273

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

VILLAGE OF NEW ROME
FRANKLIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Agency</u>
Non-Operating Cash Receipts:	
Court Collections	\$483,544
Total Non-Operating Cash Receipts	<u>483,544</u>
Non-Operating Cash Disbursements:	
Court Distributions	<u>483,412</u>
Total Non-Operating Cash Disbursements	<u>483,412</u>
Net Receipts Over/(Under) Disbursements	132
Fund Cash Balance, January 1	<u>30</u>
Fund Cash Balance, December 31	<u><u>\$162</u></u>

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

**VILLAGE OF NEW ROME
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of New Rome, Franklin County, Ohio (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides police services. The Village contracts with Prairie Township to provide fire protection services.

The Village's management believes these financial statements present all activities for which the Village 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

The Village maintains an interest bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village 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 Fund

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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Mayor's Court Computer Fund -This fund receives a statutory portion of Mayor's Court fines and fees for the operation and maintenance of the Mayor's Court computer function.

**VILLAGE OF NEW ROME
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

This fund was used to accumulate resources for the payment of note indebtedness for the Village Hall.

4. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - This fund receives traffic fines and court costs from Mayor's Court and distributes collections to the Village General Fund, Village Special Revenue Funds and the State of Ohio.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Council 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 balances as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 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.

**VILLAGE OF NEW ROME
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Village's basis of accounting.

2. EQUITY IN POOLED CASH

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

Demand deposits	\$139,435
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Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$334,396	\$411,525	\$77,129
Special Revenue	2,100	38,032	35,932
Debt Service	14,400	64,770	50,370
Total	\$350,896	\$514,327	\$163,431

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$388,450	\$446,358	(\$57,908)
Special Revenue	20,470	17,820	2,650
Debt Service	74,500	74,210	290
Total	\$483,420	\$538,388	(\$54,968)

Expenditures exceeded appropriations in the general fund by \$57,908 in violation of 5705.41(B) Ohio Revised Code.

**VILLAGE OF NEW ROME
FRANKLIN COUNTY**

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

4. PROPERTY TAX

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

5. DEBT

The Village retired a short term bond anticipation note of \$70,000 during 2001. The Bond anticipation note was issued in 2000. The proceeds of this note were used to pay off the modular unit purchased for Village hall.

6. RETIREMENT SYSTEMS

All Village 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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village did not carry bonding coverage for the Village Mayor's Court Clerk and dispatchers.



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

Village of New Rome
Franklin County
30 Maple Drive
Columbus, OH 43228

To the Mayor and Village Council:

We have audited the financial statements of the Village of New Rome, Franklin County, Ohio (the Village) as of and for the year ended December 31, 2001, and have issued our report thereon dated April 5, 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 Village'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 several instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-30625-001, 2001-30625-002 and 2001-30625-004 through 2001-30625-010. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 5, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-30625-003, and 2001-30625-006 through 2001-30625-013.

Village of New Rome
Franklin County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2001-30625-006 through 2001-30625-010 to be material weaknesses. We also 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 Village in a separate letter dated April 5, 2002.

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

JIM PETRO
Auditor of State

April 5, 2002

**VILLAGE OF NEW ROME
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001**

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

Finding for Recovery

FINDING NUMBER 2001-30625-001

Receipts collected from January 1, 2001 through May 28, 2001 for the Mayor's Court totaled \$8,630 more than the amount deposited into the bank by the former Mayor's Court Clerk, Joyce Johnson. Prior to her removal from office in May 2001, \$3,030 of the \$8,630 shortage was deposited into the Village's financial institution, leaving a shortage of \$5,600. Ohio Rev. Code Section 9.39 states that all public officials are liable for all public money received or collected by them or their subordinates under color of office.

In accordance with the forgoing facts, in addition to the admission of theft in office by Joyce Johnson, a finding for recovery for public money collected but not accounted for is hereby issued against Joyce Johnson, in the amount of five thousand six hundred dollars (\$5,600), in favor of the Village Mayor's Court Fund.

Finding for Adjustment

FINDING NUMBER 2001-30625-002

Ohio Rev. Code Section 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established.

The Village made an unallowable purchase of an intoxication machine for the police department from the Mayor's Court Computer Fund in the amount of five thousand dollars (\$5,000).

In accordance with the forgoing facts, a finding for adjustment is hereby issued against the Village General fund and in favor of the Mayor's Court Computer Fund in the amount of five thousand dollars (\$5,000). The Village has agreed to this finding and the financial statements reflect this adjustment.

FINDING NUMBER 2001-30625-003

Village Merger

Over the last several months, the Village with a population of approximately 60 residents has received national attention. The Village encompasses 0.3 square miles and has been unable to find sufficient qualified individuals to fill elected offices. The Village's General Fund had cash receipts of \$411,525 in fiscal 2001 which were comprised of \$377,651 or 92% from traffic fines/fees. The Village expended \$309,385 or 82% of its General Fund budget to support a police force whose primary purpose appears to be writing traffic tickets. The Village provides very few other services and contracts its fire protection service to Prairie Township and its financial record keeping to an accounting firm.

It appears that the Village is not serving an appropriate governmental function and should set a vote of its residents as provided for in Ohio Rev. Code Section 703.20 which will permit the Village to surrender its corporate powers and merge into Prairie Township.

VILLAGE OF NEW ROME
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001
(Continued)

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

FINDING NUMBER 2001-30625-004

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

Expenditures exceeded appropriations in the General Fund by \$57,908 during 2001.

We recommend the Village Council monitor expenditures in relation to appropriation levels and approve amendments to appropriations when deemed necessary.

FINDING NUMBER 2001-30625-005

Ohio Rev. Code Section 5705.14 states that monies can be transferred only by resolution of the taxing authority.

Village Council did not approve or appropriate for the following transfer from the General Fund in 2001:

Date	Transfer From	Transfer To	Amount
May 29	General Fund	Debt Service Fund	\$59,936

We recommend the Village Council approve all transfers by resolution.

FINDING NUMBER 2001-30625-006

Ohio Rev. Code Section 1901.261(A)(2) states that all fees for computer services that are collected shall be paid to the treasurer. In addition, the treasurer shall place the funds from the fees in a separate fund to be disbursed upon an order of the court in an amount not greater than the actual cost to the court of computerizing the court, procuring and maintaining computerized legal research services, or both.

The Mayor's Court Computer fund activity was not reflected on the Village accounting records or financial statements during 2001. The Village portion of computer fees was allocated to a Village checking account; however, this activity was not posted to the accounting ledgers. Computer fees were utilized by the Village in 2001 to purchase computer equipment and supplies for the Mayor's Court.

The practice of not recording this financial activity in the accounting records could allow for errors and irregularities to occur without timely detection by management.

We recommend all Mayor's Court activity be reflected on the accounting records and in the financial statements of the Village. This will help ensure proper accountability and monitoring of all Mayor's Court activity.

**VILLAGE OF NEW ROME
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001
(Continued)**

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

FINDING NUMBER 2001-30625-007

Ohio Rev. Code Section 733.40 states that at the first regular meeting of the legislative authority each month, the Mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

Monthly Mayor's Court Reports were completed; however, they were not submitted to the Village Council after April 2001. The reports that were completed did not describe the source and purpose of receipts and did not list disbursements made.

Lack of appropriate Mayor's Court financial reporting to the Village Council prohibits the Council from taking an active role in monitoring the activity of the Mayor's Court. Ineffective monitoring of Mayor's Court activity could allow errors and irregularities to occur without timely detection by management.

We recommend the Mayor submit a monthly statement of all Mayor's Court receipt and disbursement activity to the Village Council at the first regular meeting of the each month.

FINDING NUMBER 2001-30625-008

Ohio Rev. Code Section 9.38 states that a public official other than a state officer, employee, or agent shall deposit all public moneys received with the treasurer of the public office or properly designated depository on the next business day following the day of receipt, if the total amount of such moneys received exceeds \$1,000. If the total amount does not exceed \$1,000, the public official has the option of either depositing the money on the next business day following the day of receipt or adopting a policy permitting a different time period. The alternate time period, however, shall not exceed three business days following the day of receipt. Further, the policy must include procedures to safeguard the moneys until the time of deposit.

Prior to June 1, the Village kept checks received from the Village Mayor's Court in an open wire basket inside the Village hall until they were picked up or were delivered to the Village's accounting firm.

Eighty two percent (82%) of monies received by the Village Mayor's Court were not deposited with the financial institution within the 24-hour limitation. The Village does not have a policy allowing a different deposit timetable. This practice increases the risk that cash could be stolen or lost. We recommend that the Village make every effort to deposit large sums of money on a timely basis to ensure proper accountability of funds.

In addition, the Village should also maintain all receipts in a secure area until they are deposited. The Village should complete a duplicate receipt for the monies when received and then forward the receipt to the accounting firm for use in posting to the accounting records.

**VILLAGE OF NEW ROME
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001
(Continued)**

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

FINDING NUMBER 2001-30625-009

Ohio Rev. Code Section 731.08 states that the legislative authority of a Village shall fix the compensation and bonds of all officers, clerks, and employees of the Village except as otherwise provided by law. All bonds shall be made with sureties subject to the approval of the Mayor.

The Village does not carry bonding coverage for the Mayor's Court Clerk and dispatchers.

We recommend the Village obtain surety bonds for all employees required to be bonded by the Ohio Revised Code. In addition, all employees that handle cash receipts be bonded for an amount that is commensurate with the amount of cash they have access to.

FINDING NUMBER 2001-30625-010

Ohio Rev. Code Section 2335.25 states that each clerk of a court of record shall enter in a journal or cashbook, an accurate account of all moneys collected or received in their official capacity, on the days of the receipt in the order of time so received. The clerk shall be the receiver of all moneys payable into their office, whether collected by public officers of court or tendered by other persons, and, on request, shall pay the moneys to the persons entitled to receive them.

The Village did not maintain a cashbook record of receipts and disbursements for the Mayor's Court account during 2001.

The lack of a cashbook record over the Mayor's Court account prevents an accurate tracking and/or monitoring of the receipts, expenditures, and balances of the Mayor's Court activity.

We recommend the Village maintain a cashbook and record all of the Mayor's Court receipts, expenditures and balances. This cashbook should be reconciled and management should take an activity part in monitoring the activity of the Court.

FINDING NUMBER 2001-30625-011

Computer System Utilization

The Village should fully utilize their GBS Mayor's Court computer system for the accounting and computation of receipts and required expenditures, generation of monthly Mayor's Court reports, and tracking and monitoring of the court docket.

The Village uses a manual accounting system for reporting and monitoring of Mayor's Court receipts and disbursements even though they have the GBS Mayor's Court computer system.

Lack of system generated calculations and reports, allows the possibility for the occurrence of errors, omissions, or fraud without the timely prevention or detection by Village management.

We recommend Village personnel receive training on the use of the GBS Mayor's Court system. We further recommend that the accounting and computation of receipts and required expenditures, generation of monthly Mayor's Court reports, and tracking and monitoring of the court docket be performed utilizing the GBS Mayor's Court system.

**VILLAGE OF NEW ROME
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-30625-012

Will Pay Procedures

The Village currently permits individuals to make partial payments of Mayor's Court fines when they indicate they can not afford to pay a ticket in full. The Village has designated this procedure as "will pay". These payments are accounted for on individual will pay cards. When a partial payment is made, it is posted to the individual will pay card. Outstanding receivables are documented on each card. There are no documented policies or procedures over "will pay" transactions. Lack of standard polices and procedures could result in inconsistent application, uncollectible accounts, untimely collections, and errors and omissions occurring and going undetected by management.

We recommend the Village Council establish "will pay" policies and procedures for use in collection of Mayor's Court fines. In addition, a computerized accounts receivable listing total should be maintained to ensure revenue due to the Village is accounted for. The policy should address eligibility, payment plans, and procedures for when payments are not made. The Mayor's Court should also provide a monthly accounts receivable listing to Village Council to enable the Council to effectively monitor the "will pay" system.

FINDING NUMBER 2001-30625-013

Monitoring Activity

Appropriate financial reports were not provided to the Village Council to provide effective monitoring over financial operations. Lack of effective monitoring could allow for operational failures and errors to occur without timely detection.

The Village Council should monitor the financial operations of the Village regularly. Such monitoring should include review of budget versus actual data, detailed revenue reports, detailed expenditure reports and cash journals. In addition Council should monitor all Mayor's Court activity.

Monitoring should be performed to ensure that management's objectives are being achieved, including operational, legal compliance, and financial control objectives. Effective monitoring should entail identifying unexpected results or exceptions (including significant compliance exceptions), investigating underlying causes, and taking corrective action.

To assist management in detecting potential material financial and/or compliance transactions that may effect financial operations, we recommend the Village Council become more involved in the review and monitoring of the Village financial operations. Some of the methods of monitoring may consist of, but may not be limited to, the following:

- regular review of monthly budget and actual figures;
- regular review of financial report summaries of sufficient detail (monthly detailed revenue, expenditure, and fund balance reports and their respective fluctuations);
- review of revenues/expenditures with independently accumulated information (budgets, past performance, etc.);
- review of all expenditures;
- review monthly Mayor's Court Reports;
- review of unusual or significant items, long outstanding items, etc. and;
- review of monthly bank reconciliations, especially Mayor's Court.

**VILLAGE OF NEW ROME
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-VONR-001 2000-VONR-001	Ohio Revised Code 5705.41(B), expenditures in excess of appropriations	Not Corrected	Material Non-Compliance Citation repeated in 2001.
1999-VONR-002 2000-VONR-002	Computerization and maintenance of records for the Mayor's Court.	Not Corrected	Reportable Condition repeated in 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF NEW ROME

FRANKLIN 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 8, 2002**