



Mary Taylor, CPA
Auditor of State

**ROME TOWNSHIP
ASHTABULA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Rome Township
Ashtabula County
P.O. Box 5057
Rome, Ohio 44085

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rome Township, Ashtabula County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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. The Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rome Township, Ashtabula County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund and Gas Tax Fund, Road and Bridge Fund, and Fire Levy Fund thereof for the year December 31, 2005 then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2007, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 21, 2007

Rome Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

This discussion and analysis of Rome Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2005 are as follows:

- Net assets of governmental activities decreased \$198,273, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Special Levy – Fire Fund, which realized the greatest burden of increased costs in 2005; although, cost increases affected most funds.
- Rome Township's general receipts are primarily property taxes. These receipts represent respectively \$187,485 and 31 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within Rome Township hasn't changed.
- Callender Road West Improvement Project has been underway and the goal was to finish by December 31, 2005, but the weather was a factor in meeting this goal. An extension was requested by OPWC until July 31, 2006. The Volunteer Fire Department acquired a new pumper truck at a cost of \$316,083, of which only a loan of \$100,000 was needed to complete this purchase. The 1975 John Bean Fire Truck was sold to the only bidder at the cost of \$687. Compensation and disability coverage was approved for the fire fighters and officers in 2005. The Trustees terminated the road employee in April 2005 and the Township has been in litigation on this transaction. Health Care costs decreased from 2004, which help the Township in some savings. Three Trustees filled one trustee position in 2006.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to Rome Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of Rome Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of Rome Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of Rome Township's government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Rome Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. Rome Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township only has one type of activity:

Governmental activities: Most of the Township's basic services are reported here, including fire, roads, and cemetery. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are reported as governmental and fiduciary funds.

Governmental Funds - The Townships activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements

Rome Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gas Tax, Road & Bridge Fund, and the Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside Rome Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support Rome Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	248,032	446,305
Total Assets	\$ 248,032	\$ 446,305
Net Assets		
Restricted for:		
Permanent Trust	\$176	\$173
Other Purposes	160,861	
Capital Outlay	1,164	1,692
Unrestricted	85,831	444,440
Total Net Assets	\$248,032	\$446,305

As mentioned previously, net assets of governmental activities decreased \$198,273 or 56 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- The Rome Township Volunteer Fire Department purchased a new pumper truck in October of 2005 with the purchase price of \$316,083. The Fire Levy Fund had saved \$250,000 for the purchase of this new vehicle, which had a major affect on the year end balances for 2005 compared to 2004. A loan for \$100,000 was obtained to help with the purchase of the new vehicle for the Volunteer Department.
- Rome Township had several streets that were worked on and repairs to the road equipment with costs in excess of \$7,000.
- Rome Township is currently involved in an Issue II Project for Callender Road West Improvement. The cost of these improvements has increased the expenditures in the Road and Bridge Fund by \$17,708 in 2005.

Rome Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)

Changes in Net Assets	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services	\$3,925
Grants & Entitlements - Restricted	222,268
Total Program Receipts	226,193
General Receipts:	
Property and Other Local Taxes	\$187,485
Grants & Entitlements - Unrestricted	50,055
Interest	6,641
Sale of Notes	100,000
Miscellaneous	29,024
Total General Receipts	373,205
Disbursements:	
General Government	50,576
Public Safety	82,056
Public Works	179,172
Health	13,548
Conservation-Recreation	918
Capital Outlay	471,401
Total Disbursements	797,671
Increase (Decrease) in Net Assets	(198,273)
Net Assets, January 1, 2004	446,305
Net Assets, December 31, 2005	\$248,032

Program receipts represent only 37 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, permissive motor vehicle, Issue II monies and charges to New Lyme Township for Fire services provided under contract.

General receipts represent 62 percent of the Township's total receipts, and of this amount, over 50 percent are local taxes. State grants and entitlements make up a portion of the balance of the Township's general receipts (13 percent). The other receipts are either very insignificant or somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of trustees and the fiscal officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 44 percent of General Fund unrestricted receipts.

Rome Township
 Management's Discussion and Analysis
 For the Year Ended December 31, 2005
 Unaudited

Public Safety is the costs of fire protection; Public Health Services is the health department; Conservation-Recreation activities are the costs of maintaining the parks and playing fields; Capital Outlay is for major infrastructure work and capital asset acquisitions; and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for capital outlay and public works, which account for 59 and 22 percent of all governmental disbursements, respectively. Security of persons also represents a significant cost, about 10 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$50,576	(\$50,576)
Public Safety	82,056	(82,056)
Public Health Services	13,548	(11,648)
Conservation-Recreation	918	(918)
Public Works	179,172	45,121
Capital Outlay	471,401	(471,401)
Total Expenses	\$797,671	(571,478)

The dependence upon property tax receipts and other miscellaneous receipts is apparent as over 47 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$599,398 and disbursements of \$797,671. The greatest change within governmental funds occurred within the Special Levy-Fire Fund. The fund balance of the Special Levy-Fire Fund decreased \$190,445 as the result of purchasing a new smaller pumper truck for the fire department. A security system was installed and disability coverage was purchased for the fire fighters and auxiliary members and the fire fighters and officers were approved to receive compensation for 2005.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Rome Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

During 2005, the Township shows that all significant funds had appropriate receipts to cover disbursements. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$828,090 while actual disbursements were \$645,203. Although receipts showed the \$100,000 loan acquired by the Special Levy-Fire, all other receipts lived up to expectations, thus appropriations were not reduced. The Township kept a close watch on spending to the budgeted amounts. The result is a decrease in total fund balances of \$198,273 for 2005.

Capital Assets and Debt Administration

Capital Assets

The Township does currently keep track of its capital assets and infrastructure. The Township has acquired an Inventory Software package to accomplish this task. Entering updated information to the software is an on going process throughout the year.

Debt

At December 31, 2005, the Township's outstanding debt included \$100,000 in general obligation notes issued for the purchase of the New Contender Fire Truck from Pierce Manufacturing for \$100,000. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

Current Issues

The challenge for all type of Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. All departments have been asked to keep their spending within the funds that is available. The Road department has a levy to renew in 2006 and these monies are vital to the operations, improvements of road conditions, ditching and the updating of road equipment to continue.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jeanette Gage, Fiscal Officer, Rome Township, 3162 Route 6, P.O Box 5057, Rome, Ohio 44085.

ROME TOWNSHIP
ASHTABULA COUNTY
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$248,032
<i>Total Assets</i>	\$248,032
 Net Assets	
Restricted for:	
Capital Projects	\$1,164
Permanent Fund Purpose:	
Cemetery Association Expendable Trust	176
Other Purposes	160,861
Unrestricted	85,831
<i>Total Net Assets</i>	\$248,032

See accompanying notes to the basic financial statements

ROME TOWNSHIP
ASHTABULA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
			Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$50,576			(\$50,576)
Public Safety	82,056			(82,056)
Public Works	179,172	\$2,025	\$93,728	45,121
Health	13,548	1,900		(11,648)
Conservation-Recreation	918			(918)
Capital Outlay	471,401			(471,401)
Total	<u>\$797,671</u>	<u>\$3,925</u>	<u>\$93,728</u>	<u>(\$571,478)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		\$187,485
		Grants and Entitlements not Restricted to Specific Programs		50,055
		Interest		6,641
		Sale of Notes		100,000
		Miscellaneous		29,024
		<i>Total General Receipts</i>		<u>373,205</u>
		Change in Net Assets		(198,273)
		<i>Net Assets Beginning of Year</i>		<u>446,305</u>
		<i>Net Assets End of Year</i>		<u>\$248,032</u>

See accompanying notes to the basic financial statements

ROME TOWNSHIP
ASHTABULA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Gasoline Tax	Road and Bridge	Special Fire Levy	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 85,832	\$ 27,059	\$ 20,484	\$ 101,376	\$ 13,281	\$ 248,032
<i>Total Assets</i>	<u>85,832</u>	<u>27,059</u>	<u>20,484</u>	<u>101,376</u>	<u>13,281</u>	<u>248,032</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	45	1,619				1,664
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	85,787					85,787
Special Revenue Funds		25,440	20,484	101,376	12,117	159,417
Capital Projects Funds					1,164	1,164
<i>Total Fund Balances</i>	<u>\$ 85,832</u>	<u>\$ 27,059</u>	<u>\$ 20,484</u>	<u>\$ 101,376</u>	<u>13,281</u>	<u>248,032</u>

See accompanying notes to the basic financial statements

**ROME TOWNSHIP
ASHTABULA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	General	Gasoline Tax	Road and Bridge	Special Fire Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$36,165	\$0	\$68,526	\$82,794	\$0	\$187,485
Licenses, Permits and Fees	1,075				2,850	3,925
Intergovernmental	30,224	73,230	8,683	11,148	149,038	272,323
Earnings on Investments	6,487	105			49	6,641
Miscellaneous	1,756	1,277	2,900	22,794	192	28,919
<i>Total Receipts</i>	<u>75,707</u>	<u>74,612</u>	<u>80,109</u>	<u>116,736</u>	<u>152,129</u>	<u>499,293</u>
Disbursements						
Current:						
General Government	50,576					50,576
Public Safety				82,056		82,056
Public Works	5,292	67,361	82,596		23,923	179,172
Health	12,424				1,124	13,548
Conservation-Recreation	918					918
Capital Outlay	1,070	895	15,222	325,126	129,088	471,401
<i>Total Disbursements</i>	<u>70,280</u>	<u>68,256</u>	<u>97,818</u>	<u>407,182</u>	<u>154,135</u>	<u>797,671</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,427</u>	<u>6,356</u>	<u>(17,709)</u>	<u>(290,446)</u>	<u>(2,006)</u>	<u>(298,378)</u>
Other Financing Sources (Uses)						
Sale of Notes				100,000		100,000
Other Financing Sources	105					105
<i>Total Other Financing Sources (Uses)</i>	<u>105</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>100,105</u>
<i>Net Change in Fund Balances</i>	5,532	6,356	(17,709)	(190,446)	(2,006)	(198,273)
<i>Fund Balances Beginning of Year</i>	<u>80,300</u>	<u>20,703</u>	<u>38,193</u>	<u>291,822</u>	<u>15,287</u>	<u>446,305</u>
<i>Fund Balances End of Year</i>	<u>\$85,832</u>	<u>\$27,059</u>	<u>\$20,484</u>	<u>\$101,376</u>	<u>\$13,281</u>	<u>\$248,032</u>

See accompanying notes to the basic financial statements

**ROME TOWNSHIP
ASHTABULA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$37,150	\$37,150	\$36,165	(\$985)
Licenses, Permits and Fees	700	700	1,075	375
Intergovernmental	20,035	20,035	30,224	10,189
Interest	3,000	3,000	6,487	3,487
Other	1,775	1,775	1,756	(19)
<i>Total receipts</i>	<u>62,660</u>	<u>62,660</u>	<u>75,707</u>	<u>13,047</u>
Disbursements				
Current:				
General Government	60,950	60,960	50,621	10,339
Public Works	30,420	30,420	5,292	25,128
Health	19,400	19,400	12,424	6,976
Conservation-Recreation	9,000	9,000	918	8,082
Capital Outlay	13,300	13,290	1,070	12,220
<i>Total Disbursements</i>	<u>133,070</u>	<u>133,070</u>	<u>70,325</u>	<u>62,745</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(70,410)</u>	<u>(70,410)</u>	<u>5,382</u>	<u>75,792</u>
Other Financing Sources (Uses)				
Other Financing Sources	0	0	105	105
<i>Net Change in Fund Balance</i>	(70,410)	(70,410)	5,487	75,897
<i>Fund Balance Beginning of Year</i>	<u>80,300</u>	<u>80,300</u>	<u>80,300</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$9,890</u>	<u>\$9,890</u>	<u>\$85,787</u>	<u>\$75,897</u>

See accompanying notes to the basic financial statements

**ROME TOWNSHIP
ASHTABULA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gas Tax Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$59,000	\$59,000	\$73,230	\$14,230
Interest	50	50	105	55
Other	100	100	1,277	1,177
<i>Total receipts</i>	59,150	59,150	74,612	15,462
Disbursements				
Current:				
Public Works	75,000	75,000	68,980	6,020
Capital Outlay	1,000	1,000	895	105
<i>Total Disbursements</i>	76,000	76,000	69,875	6,125
<i>Net Change in Fund Balance</i>	(16,850)	(16,850)	4,737	21,587
<i>Fund Balance Beginning of Year</i>	20,703	20,703	20,703	0
<i>Fund Balance End of Year</i>	\$3,853	\$3,853	\$25,440	\$21,587

See accompanying notes to the basic financial statements

**ROME TOWNSHIP
ASHTABULA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$67,750	\$67,750	\$68,526	\$776
Intergovernmental	8,000	8,000	8,683	683
Other	0	0	2,900	2,900
<i>Total receipts</i>	75,750	75,750	80,109	4,359
Disbursements				
Current:				
Public Works	91,500	91,500	82,596	8,904
Capital Outlay	18,500	22,300	15,222	7,078
<i>Total Disbursements</i>	110,000	113,800	97,818	15,982
<i>Excess of Receipts Over (Under) Disbursements</i>	(34,250)	(38,050)	(17,709)	20,341
<i>Net Change in Fund Balance</i>	(34,250)	(38,050)	(17,709)	20,341
<i>Fund Balance Beginning of Year</i>	38,193	38,193	38,193	0
<i>Fund Balance End of Year</i>	\$3,943	\$143	\$20,484	\$20,341

See accompanying notes to the basic financial statements

**ROME TOWNSHIP
ASHTABULA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$84,750	\$84,750	\$82,794	(\$1,956)
Intergovernmental	10,000	10,000	11,148	1,148
Interest	100	0	0	0
Sale of Notes	100,000	0	100,000	100,000
Other	20525	20525	22,794	2,269
<i>Total receipts</i>	<u>215,375</u>	<u>115,275</u>	<u>216,736</u>	<u>101,461</u>
Disbursements				
Current:				
Public Safety	125,470	126,245	82,056	44,189
Capital Outlay	379,750	378,975	325,126	53,849
<i>Total Disbursements</i>	<u>505,220</u>	<u>505,220</u>	<u>407,182</u>	<u>98,038</u>
<i>Net Change in Fund Balance</i>	(289,845)	(389,945)	(190,446)	199,499
<i>Fund Balance Beginning of Year</i>	<u>291,822</u>	<u>291,822</u>	<u>291,822</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,977</u></u>	<u><u>(\$98,123)</u></u>	<u><u>\$101,376</u></u>	<u><u>\$199,499</u></u>

See accompanying notes to the basic financial statements

ROME TOWNSHIP
ASHTABULA COUNTY
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2005

	Private Purpose Trust
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,346
<i>Total Assets</i>	2,346
Net Assets	
Restricted for:	
Other Purposes	2,346
<i>Total Net Assets</i>	\$2,346

See accompanying notes to the basic financial statements

ROME TOWNSHIP
ASHTABULA COUNTY
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2005

	Private Purpose Trust
Additions	
Interest	\$29
Deductions	
<i>Total Deductions</i>	0
Change in Net Assets	29
Net Assets - Beginning of Year	2,317
Net Assets - End of Year	\$2,346

See accompanying notes to the basic financial statements

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005**

Note 1 – Reporting Entity

Rome Township, Ashtabula County, Ohio (the Township), is a body politic and corporate 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 also has an elected Fiscal Officer.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Rome Township Volunteer Fire Department for fire protection. Police protection is provided by the Ashtabula County Sheriff's Department.

B. Jointly Governed Organization and Public Entity Risk Pool

Jointly Governed Organization:

South Central Ambulance District (See Note 11 for further information.)

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority. (See Note 7 for further information.)

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fiduciary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's 2005 basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental, and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax, Road and Bridge and Special Levy-Fire Levy. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax and Road and Bridge Funds are used for maintenance and up keep of the roads. The Fire Levy Fund is used to account for resources received from property tax money for fire protection services provided to both residents and nonresidents.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

In 2004, the Township had three fiduciary funds. Two of the funds were used to account for resources restricted by legally binding trust agreements. These agreements require the Township to maintain the corpus of the trust; these funds were classified as non-expandable trust funds. The Township's non-expendable trust funds were the Horn and Stinson Trust Funds. These funds receive interest which is restricted for the maintenance of specific cemetery lots. In 2005, these funds were reclassified to a Private Purpose Trust reported as a Fiduciary Fund.

The expendable trust fund was reclassified as a Special Revenue Fund in 2005. This fund accounts for programs that are used to maintain the Township's cemetery.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level, and personal services or other for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 negative receipts, respectively.

During 20005, the Township invested in STAR Ohio and savings accounts.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2005.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$6,488.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent street lighting, private trust, and special revenue funds restricted to a specific use.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road and bridge maintenance and fire rescue.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3 – Change in Basis of Accounting

For the fiscal year ending December 31, 2004 the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For fiscal year ending 2005, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

In accordance with this change in accounting basis for the fiscal year ending December 31, 2005, the Township has reclassified the non-expendable trust funds to a Private Purpose Trust which are presented as fiduciary funds on the fund financial statements, and the expendable trust fund to a Special Revenue Fund.

In addition, for fiscal year 2005, the Township has implemented Government Accounting Standards Board (GASB) Statement No.40, "*Deposits and Investment Risk Disclosure*". GASB Statement No.40 creates new disclosure requirements for deposits and investments related to credit risk, custodial credit risk, and interest risk. The implementation of GASB Statement No.40 did not have an effect on the financial statements of the Township.

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gas Tax, Road and Bridge and Special Fire Levy are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance. The encumbrances outstanding at year end (budgetary basis) amounted to \$45 for the General Fund and \$1,619 for the Gas Tax Fund.

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 5 – Deposits and Investments (Continued)

7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$50,378 of the Township's bank balance of \$250,378 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2005, the Township had the following investment:

	Carrying Value	Maturity
STAR Ohio	\$10,627	Average

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Interest Rate Risk: State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and that an investment be purchased with the expectation that it will be held to maturity. STAR Ohio is a short-term investment that is not subject to interest penalties on maturity issues.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005 was \$12.10 per \$1,000 of assessed value.

Note 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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 7 – Risk Management (Continued)

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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 township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained earnings	\$18,141,062	\$17,046,241

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	(1,406,031)	(543,176)
Retained earnings	\$7,771,765	\$7,045,167

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 7 – Risk Management (Continued)

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$13,830.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2005, 2004 and 2003 were \$8,129, \$5,967 and \$5,540 respectively; 100 percent has been contributed for all three years.

Note 9 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 9 – Postemployment Benefits (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years. All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual Township contributions for 2005 which were used to fund postemployment benefits were \$11,541. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<u>Governmental Activities</u>					
Bond Anticipation Note					
2005 Issue	4.375%	\$0	\$100,000	\$0	\$100,000

All note proceeds have been spent as of December 31, 2005, and were used to purchase a fire truck by the Volunteer Fire Department. The bond anticipation note is backed by the full faith and credit of the Township and matures in 2010.

The following is a summary of the Township's future annual debt service requirements:

Year	G.O. Notes	
	Principal	Interest
2006	\$20,000	\$2,712
2007	20,000	2,712
2008	20,000	2,712
2009	20,000	2,712
2010	20,000	2,712
Totals	\$100,000	\$13,560

**ROME TOWNSHIP
ASHTABULA COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)**

Note 10 - Notes Payable (Continued)

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation.

Note 11 – Jointly Governed Organization

South Central Ambulance District:

The constitution and laws of the State of Ohio establish the rights and privileges of the South Central Ambulance District, Ashtabula County, (the District) as a body corporate and politic. Eleven Board Members govern the District. Each political subdivision within the District appoints one member. Those subdivisions are Colebrook Township, Dorset Township, Hartsgrove Township, Lenox Township, Morgan Township, New Lyme Township, Orwell Township, Rome Township, Orwell Village, and Roaming Shores Village. The District provides rescue services within the District and by contract to areas outside the District.

Note 12 – Contingent Liabilities

The Township is a defendant in one lawsuit. Although management cannot presently determine the outcome of this suit, they believe the resolution of this matter will not materially adversely affect the Township's financial condition.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Rome Township
Ashtabula County
P.O. Box 5057
Rome, Ohio 44085

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of Rome Township, Ashtabula County, (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated February 21, 2007, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated February 21, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated February 21, 2007, we reported one citation that we did not deem material.

Rome Township
Ashtabula County
Independent Accountant's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management, audit committee, and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

February 21, 2007



Mary Taylor, CPA
Auditor of State

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
APRIL 12, 2007