



Mary Taylor, CPA
Auditor of State

**ROME TOWNSHIP
ATHENS COUNTY**

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Mary Taylor, CPA

Auditor of State

Rome Township
Athens County
6306 Green Valley Road
Guysville, Ohio 45735

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

September 17, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Rome Township
Athens County
6306 Green Valley Road
Guysville, Ohio 45735

To the Board of Trustees:

We have audited the accompanying financial statements of Rome Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 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 opinions.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Rome Township, Athens County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2009, 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.



Mary Taylor, CPA
Auditor of State

September 17, 2009

**ROME TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 31,807	\$ 191,758	\$	\$ 223,565
Intergovernmental	43,394	148,381		191,775
Earnings on Investments	138	553	16	707
Miscellaneous	389	2,400		2,789
	<u>75,728</u>	<u>343,092</u>	<u>16</u>	<u>418,836</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	49,651	2,264		51,915
Public Safety		2,709		2,709
Public Works		199,457		199,457
Health		19,958		19,958
Human Services		3,100		3,100
Capital Outlay	19,538	145,134		164,672
Debt Service:				
Redemption of Principal	4,500	18,274		22,774
Interest and Other Fiscal Charges	311	1,661		1,972
	<u>74,000</u>	<u>392,557</u>	<u>0</u>	<u>466,557</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,728</u>	<u>(49,465)</u>	<u>16</u>	<u>(47,721)</u>
Other Financing Receipts/(Disbursements):				
Sale of Notes		72,472		72,472
Other Financing Sources		200		200
Other Financing Uses	(551)			(551)
	<u>(551)</u>	<u>72,672</u>	<u>0</u>	<u>72,121</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,177	23,207	16	24,400
Fund Cash Balances, January 1	<u>11,681</u>	<u>90,612</u>	<u>811</u>	<u>103,104</u>
Fund Cash Balances, December 31	<u><u>\$ 12,858</u></u>	<u><u>\$ 113,819</u></u>	<u><u>\$ 827</u></u>	<u><u>\$ 127,504</u></u>

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

**ROME TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 31,452	\$ 117,715	\$	\$ 149,167
Intergovernmental	21,438	121,764		143,202
Earnings on Investments	217	628	10	855
Miscellaneous	611	1,714		2,325
	<u>53,718</u>	<u>241,821</u>	<u>10</u>	<u>295,549</u>
Total Cash Receipts				
	<u>53,718</u>	<u>241,821</u>	<u>10</u>	<u>295,549</u>
Cash Disbursements:				
Current:				
General Government	48,111			48,111
Public Safety		795		795
Public Works	1,487	187,937		189,424
Health		13,347		13,347
Capital Outlay	2,000	27,408		29,408
Debt Service:				
Redemption of Principal	17,238			17,238
Interest and Other Fiscal Charges	2,000			2,000
	<u>70,836</u>	<u>229,487</u>	<u>0</u>	<u>300,323</u>
Total Cash Disbursements				
	<u>70,836</u>	<u>229,487</u>	<u>0</u>	<u>300,323</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(17,118)</u>	<u>12,334</u>	<u>10</u>	<u>(4,774)</u>
Other Financing Receipts/(Disbursements):				
Other Financing Uses	(1,833)			(1,833)
	<u>(1,833)</u>	<u>0</u>	<u>0</u>	<u>(1,833)</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(1,833)</u>	<u>0</u>	<u>0</u>	<u>(1,833)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(18,951)</u>	<u>12,334</u>	<u>10</u>	<u>(6,607)</u>
Fund Cash Balances, January 1	<u>30,632</u>	<u>78,278</u>	<u>801</u>	<u>109,711</u>
Fund Cash Balances, December 31	<u><u>\$ 11,681</u></u>	<u><u>\$ 90,612</u></u>	<u><u>\$ 811</u></u>	<u><u>\$ 103,104</u></u>

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

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Fiscal Officer of the Township invests all available funds of the Township in an interest bearing checking account.

The Township values certificates of deposit at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

Gasoline Tax Fund – This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Truck Fund — This fund receives property tax money for repayment of debt related to the purchase of a fire truck.

Dust Control/Road Maintenance Fund – This fund receives property tax money for maintaining and repairing Township roads and bridges.

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Permanent Fund – This fund received interest from a cemetery bequest.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

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

	2008	2007
Demand deposits	\$ 126,904	\$ 102,504
Certificates of deposit	600	600
Total deposits	\$ 127,504	\$ 103,104

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 74,918	\$ 75,728	\$ 810
Special Revenue	324,718	415,764	91,046
Permanent	20	16	(4)
Total	\$ 399,656	\$ 491,508	\$ 91,852

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 66,703	\$ 74,551	\$ (7,848)
Special Revenue	414,243	392,557	21,686
Permanent	0	0	0
Total	\$ 480,946	\$ 467,108	\$ 13,838

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 56,573	\$ 53,718	\$ (2,855)
Special Revenue	235,436	241,821	6,385
Permanent	20	10	(10)
Total	\$ 292,029	\$ 295,549	\$ 3,520

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 90,175	\$ 72,669	\$ 17,506
Special Revenue	310,655	229,487	81,168
Permanent	0	0	0
Total	\$ 400,830	\$ 302,156	\$ 98,674

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Gasoline Tax Fund and Fire Truck Fund for the year ended December 31, 2008. Budgetary expenditures exceeded appropriation authority at the legal level of control in the General Fund and Gasoline Tax Fund, for the year ended December 31, 2007.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
General Obligation Note - Grader	\$ 42,654	3.85%
General Obligation Note - Fire Truck	72,473	3.00%
	\$ 115,127	

The Grader General Obligation Note was for the purchase of a dump truck. The original note payable was for \$68,467. The full faith and credit of the Township has been pledged to repay the debt.

The Fire Truck General Obligation Note was for the purchase of a Fire Truck. The original note payable was for \$72,473. The full faith and credit of the Township has been pledged to repay the debt.

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. DEBT (Continued)

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

Year Ending December 31	General Obligation Note Grader	General Obligation Note Fire Truck
2009	\$ 15,300	\$ 15,825
2010	15,300	15,825
2011	15,387	15,825
2012		15,825
2013		15,825
Total	\$ 45,987	\$ 79,125

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

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

For an occurrence prior to January 1, 2006, 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. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. RISK MANAGEMENT (Continued)

If losses exhaust PEP'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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

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.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. RISK MANAGEMENT (Continued)

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

Township Contributions to OTARMA	
<hr/>	
2006	\$ 10,642
2007	8,371
2008	7,759

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they 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 contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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
Athens County
6306 Green Valley Road
Guysville, Ohio 45735

To the Board of Trustees:

We have audited the financial statements of Rome Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated September 17, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted 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. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-003 and 2008-004 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe findings number 2008-003 and 2008-004 are also material weaknesses.

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 instances of noncompliance that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 and 2008-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 17, 2009.

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

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



Mary Taylor, CPA
Auditor of State

September 17, 2009

**ROME TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code Section 5549.21 requires competitive bidding for the purchase of materials, machinery and tools to be used in constructing, maintaining and repairing roads and culverts, where the amount involved exceeds \$25,000.

In addition, Ohio Rev. Code Section 9.24(E) states, in part, that before awarding a contract as described in division (G)(1) of this section for goods, services, or construction, paid for in whole or in part with state funds, a political subdivision shall verify that the person to whom the political subdivision plans to award the contract has no unresolved finding for recovery issued against the person. A political subdivision shall verify that the person does not appear in the database maintained by the Auditor of State.

We found the Township paid one vendor for road maintenance materials in excess of \$25,000 during 2007. There was no indication of compliance with competitive bidding procedures or verification of the entity's status on the Auditor of State's database.

Failure to properly bid for large dollar amounts could result in inefficient uses of Township resources.

We recommend that the Township properly bid for materials purchases that exceed the \$25,000 limit as set by the Ohio Revised Code. In addition, we recommend the Township include a certified search of the Auditor of State's database with the contract bidding documents.

Officials' Response: The Fiscal Officer corrected this for 2008.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Total budgetary expenditures exceeded formally adopted appropriations, at the fund and legal level of control, at December 31, 2008 as follows:

Fund	Amount Exceeded
General	\$ 7,848
Fire Truck	30,540

Fund	Line-Item	Amount Exceeded
General	Medical/Hospitalization	\$ 700
General	Tax Collection Fees	1,610
Gasoline Tax	OPERS	192
Gasoline Tax	Operating Supplies	800

**ROME TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-002 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(B) (Continued)

Total budgetary expenditures exceeded formally adopted appropriations, at the legal level of control, at December 31, 2007 as follows:

Fund	Line-Item	Amount Exceeded
General	Salaries - Trustees	\$ 322
Gasoline Tax	Operating Supplies	466

Spending monies prior to appropriation could result in deficit cash balances.

We recommend the Fiscal Officer not certify the availability of funds or approve payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources if necessary.

Officials' Response: The Fiscal Officer now brings line item adjustments to the Trustees at their meetings for approval.

FINDING NUMBER 2008-003

Material Weakness

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2008, budgeted receipts and expenditures, as adopted by the Board of Trustees and filed with the County Auditor, did not agree to the Township's accounting system for all funds. The variances and funds are as follows:

Fund	Budgeted Receipts		Variance
	Per the Certificate of Estimated Resources	Per the Accounting System	
General	\$ 74,918	\$ 79,256	\$ 4,338
Motor Vehicle License	16,500	22,207	5,707
Gasoline Tax	87,000	94,072	7,072
Road and Bridge	37,405	38,304	899
Cemetery	24,236	26,479	2,243
Fire Protection Levy	24,277	97,385	73,108
Dust Control Levy	57,927	58,265	338
Permissive Tax	4,381	5,718	1,337
Permanent	20	15	(5)

**ROME TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-003 (Continued)

Material Weakness (Continued)

Fund/Line-item	Per the Appropriation Measure	Per the Accounting System	Variance
General/Medical	\$ 6,000	\$ 6,700	\$ 700
General/Tax Collection Fees	1,500	4,969	3,469
Gasoline Tax/OPERS	9,000	9,250	250
Gasoline Tax/Operating Supplies	29,000	30,995	1,995
Fire Levy/Machinery and Equipment	23,277	2,300	(20,977)
Fire Levy/Principal Payments	56,000	17,206	(38,794)

At December 31, 2007, expenditures, as adopted by the Board of Trustees and filed with the County Auditor, did not agree to the Township's accounting system for all funds. The variances and funds are as follows:

Fund/Line-item	Per the Appropriation Measure	Per the Accounting System	Variance
General/Salaries-Trustees	\$ 10,000	\$ 10,350	\$ 350
Gasoline Tax/Other Salaries	38,000	37,500	(500)
Gasoline Tax/Operating Supplies	8,500	9,000	500

The Trustees lost some degree of budgetary control because they were unable to monitor actual results of operations against the amounts adopted at the beginning of the years. In addition, this resulted in adjustments made to Note 3 of the notes to the financial statements.

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees into the computer system and only after receiving approval. This procedure will ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the years.

Officials' Response: The Fiscal Officer now brings line item adjustments to the Trustees at their meetings for approval.

FINDING NUMBER 2008-004

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, we noted the following errors in the financial statements that required audit adjustments or reclassifications:

**ROME TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-004 (Continued)

Material Weakness (Continued)

2008:

- The Fiscal Officer did not post the Township share of PERS and health insurance premiums in accordance with the salary allocations reducing the General Fund by \$5,214 and increasing the Special Revenue Fund by \$5,214.
- The Fiscal Officer did not post proceeds of debt and the related capital outlay in the Fire Truck Fund for \$72,472.
- The Fiscal Officer improperly classified homestead and rollback receipts to taxes rather than intergovernmental for \$2,358 in the General Fund and \$7,399 in the Special Revenue Funds.
- The Fiscal Officer improperly classified the down payment on the fire truck as Debt Proceeds rather than Capital Outlay for \$24,157.
- The Fiscal Officer improperly classified taxes (\$63,363) and intergovernmental (\$9,629) receipts in the Fire Truck Fund as special assessments.
- The Fiscal Officer improperly classified a reimbursement to Rome Volunteer Fire Department as Debt Principal rather than Capital Outlay for \$5,000 in the Fire Truck Fund and \$15,000 in the Fire Levy Fund.

2007:

- The Fiscal Officer improperly recorded the beginning balances by \$3,000 resulting in a decrease in the General Fund and an increase in the Gasoline Tax Fund.
- The Fiscal Officer did not post the Township share of PERS and health insurance premiums in accordance with the salary allocations reducing the General Fund by \$3,314 and increasing the Special Revenue Fund by \$3,314.

Lack of due care in posting correctly resulted in audit adjustments. The audited financial statements reflect the above adjustments.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Officials' Response: The Fiscal Officer brings budget verses actual information to the Board meetings.

**ROME TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	A material noncompliance citation was issued under Ohio Revised Code Section 5705.41(B) for expenditures exceeding appropriations in 2005.	No	Not Corrected: This item is repeated in the current audit Schedule of Findings as finding number 2008-002.
2006-002	A material noncompliance citation was issued under Ohio Revised Code Section 5705.41(D)(1) for expenditures not properly certified by the Fiscal Officer at the time of commitment in 2006 and 2005.	Yes	NA



Mary Taylor, CPA
Auditor of State

ROME TOWNSHIP

ATHENS 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
OCTOBER 15, 2009**