



**ROME TOWNSHIP
ASHTABULA COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Rome Township
PO Box 5057
Rome, OH 44085

We have reviewed the *Independent Auditor's Report* of Rome Township, Ashtabula County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Rome Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 19, 2020

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**ROME TOWNSHIP
ASHTABULA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

August 21, 2020

Rome Township
Ashtabula County
PO Box 5057
Rome, Ohio 44085

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Rome Township**, Ashtabula County, (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinions on this accounting basis are in the *Additional Opinion Qualification and Unmodified Opinions* paragraphs below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

The Township reported the Cemetery Bequest Funds cash balances of \$2,480 and \$2,479 at December 31, 2019 and 2018, respectively, representing 100 percent of the ending balance of the Permanent Fund, without obtaining the trust agreements to support this classification. The Township also reported the Cemetery Bequest Funds cash balances of \$186 and \$185 at December 31, 2019 and 2018, respectively, representing 100 percent of the ending balance of the Private Purpose Trust Fund, without obtaining the trust agreements to support this classification. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Permanent Fund and Private Purpose Trust Fund Cemetery Bequest Funds. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the Permanent and Private Purpose Trust cash balances, receipts and disbursements by fund type, and related notes of Rome Township, Ashtabula County as of December 31, 2019 and 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the General, Special Revenue, Debt Service, and Capital Projects cash balances, receipts and disbursements by fund type, and related notes of Rome Township, Ashtabula County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during 2019 and 2018, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**ROME TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 54,449	\$ 234,194	\$ -	\$ -	\$ 288,643
Charges for Services	-	22,346	-	-	22,346
Licenses, Permits and Fees	2,595	3,287	-	-	5,882
Intergovernmental	25,411	140,022	-	-	165,433
Earnings on Investments	6,735	1,208	-	1	7,944
Miscellaneous	1,589	6,452	45,256	-	53,297
<i>Total Cash Receipts</i>	<u>90,779</u>	<u>407,509</u>	<u>45,256</u>	<u>1</u>	<u>543,545</u>
Cash Disbursements					
Current:					
General Government	53,281	10,742	-	-	64,023
Public Safety	-	113,383	-	-	113,383
Public Works	1,759	123,706	-	-	125,465
Health	17,687	4,412	-	-	22,099
Conservation-Recreation	8,807	-	-	-	8,807
Capital Outlay	-	43,574	31,928	-	75,502
Debt Service:					
Principal Retirement	-	13,049	-	-	13,049
Interest and Fiscal Charges	-	763	-	-	763
<i>Total Cash Disbursements</i>	<u>81,534</u>	<u>309,629</u>	<u>31,928</u>	<u>-</u>	<u>423,091</u>
<i>Net Change in Fund Cash Balances</i>	9,245	97,880	13,328	1	120,454
<i>Fund Cash Balances, January 1</i>	<u>43,440</u>	<u>336,671</u>	<u>101</u>	<u>2,479</u>	<u>382,691</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	2,480	2,480
Restricted	-	348,471	13,429	-	361,900
Committed	-	86,080	-	-	86,080
Assigned	52,340	-	-	-	52,340
Unassigned	345	-	-	-	345
<i>Fund Cash Balances, December 31</i>	<u>\$ 52,685</u>	<u>\$ 434,551</u>	<u>\$ 13,429</u>	<u>\$ 2,480</u>	<u>\$ 503,145</u>

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

**ROME TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments (trust funds only)	<u>\$ 1</u>
<i>Total Operating Cash Receipts</i>	<u>1</u>
<i>Net Change in Fund Cash Balances</i>	1
<i>Fund Cash Balances, January 1</i>	<u>185</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 186</u></u>

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

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Rome Township, Ashtabula 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.

Public Entity Risk Pool

The Township participates in a public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Special Levy Fire Fund This fund receives semi-annual property tax settlements for the purpose of providing additional fire protection for both residents of the Township and nonresidents.

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Splash Pad Fund The Township received donations from the Valley Community Growth Connection for the “Splash Pad Project” located next to the township playground. The Township has purchased the features for the Splash Pad and construction will begin April of 2020.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of Horn/Stintson Family.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D) permit.

Budgetary Process

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

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

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

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Capital Assets

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

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as Non-spendable when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Splash Pad Fund by \$31,928 for the year ended December 31, 2019. Also contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$25,053 for the year ended December 31, 2019.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 74,459	\$ 90,779	\$ 16,320
Special Revenue	360,226	407,509	47,283
Capital Projects	45,256	45,256	-
Permanent	-	1	1
Trust	-	1	1
Total	\$ 479,941	\$ 543,546	\$ 63,605

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 142,951	\$ 81,534	\$ 61,417
Special Revenue	685,608	357,588	328,020
Capital Projects	101	31,928	(31,827)
Total	\$ 828,660	\$ 471,050	\$ 357,610

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Deposits and Investments

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

	2019
Demand deposits	\$ 6,114
Other time deposits (savings and NOW accounts)	52,500
Total deposits	<u>58,614</u>
STAR Ohio	444,717
Total investments	<u>444,717</u>
Total deposits and investments	<u>\$ 503,331</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OCPS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If 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.

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

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Risk Management (Continued)

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2019
Cash and investments	\$ 35,207,320
Actuarial liabilities	\$ 10,519,942

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Retirement Rates	Year	Membership Rate	Employer Rate
OPERS - Local	2012-2019	10%	14%

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

Some of the Township’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

Leases

The Township leases buildings, vehicles and other equipment under noncancelable leases. The Township disbursed \$13,812 to pay lease costs for the year ended December 31, 2019.

Amortization

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

Year Ending December 31:	Leases
2020	\$13,812
2021	6,906
Total	<u>\$20,718</u>

Debt principal outstanding at December 31, 2019, was \$20,291.

Note 11 – 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.

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**ROME TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$ 54,230	\$ 236,340	\$ -	\$ -	\$ -	\$ 290,570
Charges for Services	-	22,346	-	-	-	22,346
Licenses, Permits and Fees	1,668	2,831	-	-	-	4,499
Intergovernmental	25,614	502,398	-	-	-	528,012
Earnings on Investments	2,679	405	-	-	2	3,086
Miscellaneous	3,430	57,129	-	-	-	60,559
<i>Total Cash Receipts</i>	<u>87,621</u>	<u>821,449</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>909,072</u>
Cash Disbursements						
Current:						
General Government	50,300	10,917	-	-	-	61,217
Public Safety	-	106,723	-	-	-	106,723
Public Works	2,000	215,765	-	-	-	217,765
Health	15,655	3,845	-	-	-	19,500
Conservation-Recreation	5,697	-	-	-	-	5,697
Capital Outlay	-	416,559	-	-	-	416,559
Debt Service:						
Principal Retirement	-	12,690	-	-	-	12,690
Interest and Fiscal Charges	-	1,122	-	-	-	1,122
<i>Total Cash Disbursements</i>	<u>73,652</u>	<u>767,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,273</u>
<i>Excess of Receipts Over Disbursements</i>	<u>13,969</u>	<u>53,828</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>67,799</u>
Other Financing Receipts (Disbursements)						
Advances In	-	1,634	-	-	-	1,634
Advances Out	-	-	(1,634)	-	-	(1,634)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>1,634</u>	<u>(1,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	13,969	55,462	(1,634)	-	2	67,799
<i>Fund Cash Balances, January 1</i>	<u>29,471</u>	<u>281,209</u>	<u>1,634</u>	<u>101</u>	<u>2,477</u>	<u>314,892</u>
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	2,479	2,479
Restricted	-	268,275	-	101	-	268,376
Committed	-	68,396	-	-	-	68,396
Assigned	43,440	-	-	-	-	43,440
<i>Fund Cash Balances, December 31</i>	<u>\$ 43,440</u>	<u>\$ 336,671</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 2,479</u>	<u>\$ 382,691</u>

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

**ROME TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Private Purpose Trust</u>
<i>Fund Cash Balances, January 1</i>	<u>\$ 185</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 185</u></u>

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

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Rome Township, Ashtabula 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.

Public Entity Risk Pool

The Township participates in a public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Special Levy Fire Fund This fund accounts for and reports all restricted revenues from a Special Levy for the maintenance and repairs of fire equipment, buildings and vehicles.

Gasoline Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had no significant Debt Service Funds.

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had no significant Capital Project Funds.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of Horn/Stintson Family.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D) permit.

Budgetary Process

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

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

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

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Capital Assets

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

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as Non-spendable when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 78,625	\$ 87,621	\$ 8,996
Special Revenue	702,299	821,449	119,150
Permanent	-	2	2
Total	\$ 780,924	\$ 909,072	\$ 128,148

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 100,850	\$ 73,670	\$ 27,180
Special Revenue	965,835	776,991	188,844
Capital Projects	101	-	101
Total	\$ 1,066,786	\$ 850,661	\$ 216,125

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$ 43,514
Other time deposits (savings and NOW accounts)	52,425
Total deposits	<u>95,939</u>
STAR Ohio	286,937
Total investments	<u>286,937</u>
Total deposits and investments	<u><u>\$ 382,876</u></u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OCPS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If 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.

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

Note 6 – Interfund Balances

There was a court ordered transfer of funds for \$1,633.80 from the General (bond) (note) Retirement Fund to the Special Levy Fire Fund for the excess balance of the fire truck payment. The court approved the transfer of funds on November 13, 2018.

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 33,097,416
Actuarial liabilities	\$ 7,874,610

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System (Continued)

Retirement Rates	Year	Membership Rate	Employer Rate
OPERS - Local	2012-2018	10%	14%

Social Security

Several of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 10 – Debt

Leases

The Township leases buildings, vehicles and other equipment under noncancelable leases. The Township disbursed \$13,812.48 to pay lease costs for the year ended December 31, 2018.

Amortization

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

Year Ending December 31:	Leases
2019	\$13,812
2020	13,812
2021	6,906
Total	<u>\$34,530</u>

Debt principal outstanding at December 31, 2018, was \$33,340.

Note 11 – Contingent Liabilities

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

Rome Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

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740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

August 21, 2020

Rome Township
Ashtabula County
PO Box 5057
Rome, Ohio 44085

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of **Rome Township**, Ashtabula County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 21, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We qualified our opinion on the Permanent Fund and Private Purpose Trust Fund in 2019 and 2018 due to the lack of sufficient appropriate audit evidence supporting the recording of Cemetery Bequest funds as Permanent and Private Purpose Trust funds.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001 through 2019-004 to be material weaknesses.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2019-003 and 2019-004.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**ROME TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2019 and 2018, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- A grant receipt for the construction of a Splash Pad was recorded as Miscellaneous in the General Fund and was subsequently transferred to the Splash Pad Fund in 2019 when it should have been recorded as Miscellaneous in the Splash Pad Fund. An adjustment has been made to reduce Miscellaneous in the General Fund, increase Miscellaneous in the Splash Pad Fund, and eliminate the Transfer In and Transfer Out between the two funds;
- In 2019, the Splash Pad Fund was established as a Capital Projects Fund, however, it was coded in the accounting system and the filed financial statements as a Special Revenue Fund. Adjustments have been made to report the fund's activity as Capital Projects rather than Special Revenue;
- Debt payments were incorrectly classified as Capital Outlay and were not classified to Principal and Interest correctly in the Road and Bridge Fund in 2019 and 2018;
- The General Fund balance was classified as Unassigned when a portion should have been Assigned in 2019 and the entire fund balance should have been Assigned in 2018; and
- The Road and Bridge Fund balance was classified as Restricted when it should have been classified as Committed in 2019 and 2018.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

The following reclassifications were inconsequential to the overall financial statements of the Township for December 31, 2019 and 2018 and were not posted to the financial statements or ledgers:

- Donations were classified as Property and Other Local Taxes and Intergovernmental instead of Miscellaneous in the General, Road and Bridge, and Special Levy Fire Funds in 2019 and 2018; and
- Two receipts were incorrectly classified as Miscellaneous when they should have been classified as Sale of Fixed Assets in the Road and Bridge and Special Levy Fire Funds in 2018.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Official's Response – We did not receive a response from Officials to this finding.

**ROME TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-002

Material Weakness

Cemetery Bequest Funds Documentation

The Township should maintain original trust agreements to help assure accountability for permanent funds and the correct classification for financial reporting. By maintaining these agreements, the Township would be able to identify whether or not there is principal that must be maintained in perpetuity and whether or not the trust is to benefit the entity or other organizations, governments, or individuals.

The Township presented Cemetery Bequest Funds as Permanent Funds and Private Purpose Trust Funds without basing this decision on the original trust agreements. The Bequest Funds represented 100% of the Permanent Funds, totaling \$2,480 and \$2,479 at December 31, 2019 and 2018, respectively. The Bequest Funds also represented 100% of the Private Purpose Trust Fund, totaling \$186 and \$185 at December 31, 2019 and 2018, respectively. Without the original trust agreements for any bequests it is not possible to determine whether the Cemetery Bequest Funds should be presented as Permanent Funds (benefit to the Township) or Private Purpose Trust Funds (benefit to other organizations, governments, or individuals). In addition, the lack of trust agreements may be an indication these funds can be completely spent which would result in the Funds being classified as Special Revenue Funds. As a result, it could not be determined if the financial statements were accurately stated in relation to the Cemetery Bequest Funds.

The Township should obtain copies of the documentation establishing these trust funds to identify the original principal and to determine the purpose of each Trust. The Township should consult Legal Counsel for advice along with reviewing Ohio Revised Code if documentation cannot be located to support the existence of a trust agreement, whether expendable or nonexpendable. In addition, the Township should review accounting literature to assist in the correct classification of these funds.

Official's Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-003

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. **Ohio Rev. Code § 5705** deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources; and
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeding appropriations).

**ROME TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-003 (Continued)

Material Weakness/Noncompliance (Continued)

Budgetary Controls (Continued)

In addition, the Township did not have a control procedure in place to ensure that estimated receipts and appropriations, as authorized by the Board of Trustees and approved by the County Budget Commission, were reconciled to the estimated receipts and appropriations posted to the accounting system in 2019 and 2018.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparisons of budgeted amounts versus actual amounts was not accurate. We recommend the Township implement procedures to ensure estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the Budget Commission after each amendment.

The Board should review the requirements of Ohio Rev. Code § 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure to ensure the budget is monitored adequately so that expenditures do not exceed appropriation authority and appropriations do not exceed estimated resources.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-004

Material Weakness/Noncompliance

FEMA Grants

Ohio Rev. Code Section 5705.10(D) states, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such a purpose.

Furthermore, Auditor of State Bulletin 98-13 states, in part, that if expenditures of FEMA grant receipts are primarily for replacing fixed assets the FEMA receipts should be classified within a Capital Projects fund. For work completed and paid for, the Township should reimburse the fund(s) used to pay for the goods and/or services (before the FEMA money was received). One way to repay the fund is to reduce the expenditure in the fund making the original payment and to record the expenditure in the FEMA fund. A second method is to have advanced money to the FEMA fund in anticipation of the receipt of the grant. Repay the advance once the FEMA money is received. A third approach is to transfer the FEMA money from the FEMA fund to the fund that made the original payments.

During 2018, the Township accounted for FEMA grant receipts and disbursements of \$347,620 in the Special Levy Fire Fund. As a FEMA Fund does not currently exist at the Township, no adjustment was made to the financial statements.

The Township should review Ohio Rev. Code Section 5705.10 and Auditor of State Bulletin 98-13 to gain an understanding of how to account for FEMA receipts and disbursements going forward.

Officials' Response – We did not receive a response from Officials to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



ROME TOWNSHIP

ASHTABULA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/3/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov