



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF ROME  
ADAMS COUNTY  
DECEMBER 31, 2020, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER

Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

## REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Village of Rome  
Adams County  
P.O. Box 16  
Stout, Ohio 45684

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Rome, Adams County, (the Village), as of and for the years ended December 31, 2020, 2019 and 2018. These procedures were designed to satisfy the audit requirements of Section 117.11, Ohio Rev. Code, and Section 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

### ***Internal Control Over Financial Reporting***

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2020-001 through 2020-004, 2020-007 through 2020-009, 2020-012, 2020-022 through 2020-023, 2020-027 through 2020-028, and 2020-030 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2020-001 through 2020-002, 2020-005 through 2020-006, 2020-009 through 2020-011, 2020-013 through 2020-021, 2020-024 through 2020-026, 2020-029, and 2020-031 through 2020-033.

The accompanying financial statements for the years ended December 31, 2020, 2019, and 2018 present unclassified cash receipts and cash disbursements. Ohio Administrative Code Section 117-2-03(D) requires classification of receipts and disbursements.

***Other Matters***

Due to the Village having no officials, the Village has not provided certain written representations, including but not limited to, management's responsibility for preparing the financial statements in conformity with the Village's financial reporting framework, the availability of original financial records and related data, the completeness and availability of all minutes of the legislative or other bodies and committee meetings; management's responsibility of the Village's compliance with laws and regulations; the identification and disclosure of all laws, regulations, and provisions of contracts and grant agreements directly and materially affecting the determination of financial statement amounts and; the presence or absence of fraud involving management or employees with significant roles in internal control; compliance with laws, regulations, and provisions of contracts and grant agreements, including budget laws, compliance with any debt covenants, the identification of all Federal assistance programs, and compliance with Federal grant requirements.



Keith Faber  
Auditor of State  
Columbus, Ohio  
October 20, 2021

**Village of Rome, Ohio**  
*Adams County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Unclassified	\$4,405	\$4,072	\$8,477
<b>Cash Disbursements</b>			
Unclassified	5,677	1,229	6,906
<i>Net Change in Fund Cash Balances</i>	(1,272)	2,843	1,571
<i>Fund Cash Balances (Deficit), January 1, 2020</i>	4,454	32,066	36,520
<b>Fund Cash Balances (Deficit), December 31, 2020</b>			
Restricted	0	34,909	34,909
Unassigned (Deficit)	3,182	0	3,182
<i>Fund Cash Balances (Deficit), December 31, 2020</i>	\$3,182	\$34,909	\$38,091

*See accompanying notes to the basic financial statements*

**Village of Rome, Ohio**  
*Adams County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

	Proprietary Fund Type
	Enterprise
<b>Cash Receipts</b>	
Unclassified	\$111,285
<b>Cash Disbursements</b>	
Unclassified	116,817
<i>Net Change in Fund Cash Balances</i>	(5,532)
<i>Fund Cash Balances (Deficit), January 1, 2020</i>	181,201
<i>Fund Cash Balances (Deficit), December 31, 2020</i>	\$175,669
<i>See accompanying notes to the basic financial statements</i>	



**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

The Village of Rome (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services including street lights, park maintenance and road maintenance.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village'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 fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village 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 Village 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 Village had the following significant Special Revenue Fund:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***State Highway Fund*** The state highway fund accounts for and reports the portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of State Highways that run through the Village.

***Enterprise Funds*** This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following Enterprise Funds:

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Sewer Fund*** This fund is used to account for and report the provision of sanitary sewer service to the residents and businesses of the Village.

***Sewer Project Fund*** The sewer project fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the construction of a wastewater treatment plant. Sewer receipts in this fund will repay the loan.

***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 Council 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 present unclassified receipts and disbursements contrary to Ohio Administrative Code Section 117-2-03(D).

***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 Village Council must annually approve appropriation measures and subsequent amendments. The Village Council did not pass an appropriation measure for 2020.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources. The Village Council did not obtain a certificate of estimated resources for 2020.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting.

A summary of the 2020 budgetary activity appears in Note 4.

***Deposits***

The Village deposits all available funds in non-interest earning checking accounts at a local commercial bank. All deposits are valued at cost.

***Capital Assets***

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

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Village did not have any nonspendable fund balances at December 31, 2020.

***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*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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. The Village did not have any committed fund balances at December 31, 2020.

***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 Village Council or a Village official delegated that authority by resolution, or by State Statute. The Village did not have any assigned fund balances at December 31, 2020.

***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 Village 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 General fund by \$5,677, in the Street Construction Maintenance and Repair fund by \$1,229, and the Sewer fund by \$11,422 for the year ended December 31, 2020.

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2020, follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$4,405	\$4,405
Special Revenue	0	4,072	4,072
Enterprise	0	111,285	111,285
Total	\$0	\$119,762	\$119,762

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$5,677	(\$5,677)
Special Revenue	0	1,229	(1,229)
Enterprise	105,395	116,817	(11,422)
Total	\$105,395	\$123,723	(\$18,328)

**Note 5 – Deposits**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2020 was \$213,760.

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), 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.

**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

**Note 7 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village 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 (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

The Village is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles

**Note 8 - Defined Benefit Pension Plans**

***Social Security***

The Village'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 Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has not paid all contributions required through December 31, 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$181,042	3.25 % - 3.45%

The Ohio Water Development Authority (OWDA) loans relate to the construction of a sewer plant project. The OWDA approved up to \$338,490 in loans to the Village for this project. The Village will repay the loans in semiannual installments, including interest, over 5 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Amortization***

Amortization of the above debt, including interest, has not been determined. There is no repayment schedule available from OWDA. OWDA will invoice the Village twice a year for the payment amount.

**Note 10 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or State, cannot be estimated. During 2020, the Village received no CARES Act funding or on-behalf donations from other governments.

**Note 12 – Subsequent Event**

As of February 24, 2021, the Village has not made the final OWDA loan payment of \$181,042 that was due January 4, 2021.

**Village of Rome, Ohio**  
*Adams 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Unclassified	\$5,600	\$3,587	\$9,187
<b>Cash Disbursements</b>			
Unclassified	10,632	3,766	14,398
<i>Net Change in Fund Cash Balances</i>	(5,032)	(179)	(5,211)
<i>Fund Cash Balances (Deficit), January 1, 2019</i>	9,486	32,245	41,731
<b>Fund Cash Balances (Deficit), December 31, 2019</b>			
Restricted	0	32,066	32,066
Unassigned (Deficit)	4,454	0	4,454
<i>Fund Cash Balances (Deficit), December 31, 2019</i>	<u>\$4,454</u>	<u>\$32,066</u>	<u>\$36,520</u>

*See accompanying notes to the basic financial statements*

**Village of Rome, Ohio**  
*Adams County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2019*

	Proprietary Fund Type
	Enterprise
<b>Cash Receipts</b>	
Unclassified	\$339,973
<b>Cash Disbursements</b>	
Unclassified	812,850
<i>Net Change in Fund Cash Balances</i>	(472,877)
<i>Fund Cash Balances (Deficit), January 1, 2019</i>	654,078
<i>Fund Cash Balances (Deficit), December 31, 2019</i>	\$181,201
<i>See accompanying notes to the basic financial statements</i>	



**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

The Village of Rome (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services including street lights, park maintenance and road maintenance.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village'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 fund types which are organized on a fund type basis.

***Fund Accounting***

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

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***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 Village had the following significant Special Revenue Fund:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***State Highway Fund*** The state highway fund accounts for and reports the portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of State Highways that run through the Village.

***Enterprise Funds*** This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following Enterprise Funds:

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

***Sewer Fund*** This fund is used to account for and report the provision of sanitary sewer service to the residents and businesses of the Village.

***Sewer Project Fund*** The sewer project fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the construction of a wastewater treatment plant. Sewer receipts in this fund will repay the loan.

***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 Council 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 present unclassified receipts and disbursements contrary to Ohio Administrative Code Section 117-2-03(D).

***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 Village Council must annually approve appropriation measures and subsequent amendments. The Village Council did not pass an appropriation measure for 2019.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources. The Village Council did not obtain a certificate of estimated resources for 2019.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting.

A summary of the 2019 budgetary activity appears in Note 4.

***Deposits***

The Village deposits all available funds in non-interest earning checking accounts at a local commercial bank. All deposits are valued at cost.

***Capital Assets***

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

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Village did not have any nonspendable fund balances at December 31, 2019.

***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*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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. The Village did not have any committed fund balances at December 31, 2019.

***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 Village Council or a Village official delegated that authority by resolution, or by State Statute. The Village did not have any assigned fund balances at December 31, 2019.

***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 Village 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 General fund by \$10,632, in the Street Construction Maintenance and Repair fund by \$3,320, the State Highway fund by \$446, the Sewer fund by \$480,508 for the year ended December 31, 2019.

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$5,600	\$5,600
Special Revenue	0	3,587	3,587
Enterprise	0	339,973	339,973
Total	\$0	\$349,160	\$349,160

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$10,632	(\$10,632)
Special Revenue	0	3,766	(3,766)
Enterprise	332,342	812,850	(480,508)
Total	\$332,342	\$827,248	(\$494,906)

**Note 5 – Deposits**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2019 was \$217,721.

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), 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.

**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Note 7 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village 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 (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

The Village is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles

**Note 8 - Defined Benefit Pension Plans**

***Social Security***

The Village'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 Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has not paid all contributions required through December 31, 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$282,597	3.25 % - 3.45%

The Ohio Water Development Authority (OWDA) loans relate to the construction of a sewer plant project. The OWDA approved up to \$338,490 in loans to the Village for this project. The Village will repay the loans in semiannual installments, including interest, over 5 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Amortization***

Amortization of the above debt, including interest, has not been determined. There is no repayment schedule available from OWDA. OWDA will invoice the Village twice a year for the payment amount.

**Village of Rome, Ohio**  
*Adams 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Unclassified	\$10,874	\$2,745	\$13,619
<b>Cash Disbursements</b>			
Unclassified	8,762	1,374	10,136
<i>Net Change in Fund Cash Balances</i>	2,112	1,371	3,483
<i>Fund Cash Balances (Deficit), January 1, 2018</i>	7,374	30,874	38,248
<b>Fund Cash Balances (Deficit), December 31, 2018</b>			
Restricted	0	32,245	32,245
Unassigned (Deficit)	9,486	0	9,486
<i>Fund Cash Balances (Deficit), December 31, 2018</i>	\$9,486	\$32,245	\$41,731

*See accompanying notes to the basic financial statements*

**Village of Rome, Ohio**  
*Adams County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2018*

	Proprietary Fund Type
	Enterprise
<b>Cash Receipts</b>	
Unclassified	\$1,470,594
<b>Cash Disbursements</b>	
Unclassified	974,892
<i>Net Change in Fund Cash Balances</i>	495,702
<i>Fund Cash Balances (Deficit), January 1, 2018</i>	158,376
<i>Fund Cash Balances (Deficit), December 31, 2018</i>	\$654,078
<i>See accompanying notes to the basic financial statements</i>	



**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of Rome (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services including street lights, park maintenance and road maintenance.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village'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 fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village 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 Village 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 Village had the following significant Special Revenue Fund:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Enterprise Fund*** This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had one Enterprise Fund:

***Sewer Project Fund*** The sewer project fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the construction of a wastewater treatment plant. Sewer receipts in this fund will repay the loan.

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***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 Council 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 present unclassified receipts and disbursements contrary to Ohio Administrative Code Section 117-2-03(D).

***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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting.

A summary of the 2018 budgetary activity appears in Note 4.

***Deposits***

The Village deposits all available funds in non-interest earning checking accounts at a local commercial bank. All deposits are valued at cost.

***Capital Assets***

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

***Fund Balance***

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

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Village did not have any nonspendable fund balances at December 31, 2018.

***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*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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. The Village did not have any committed fund balances at December 31, 2018.

***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 Village Council or a Village official delegated that authority by resolution, or by State Statute. The Village did not have any assigned fund balances at December 31, 2018.

***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 Village 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, appropriations exceed estimated resources in the Sewer Construction fund by \$1,469,467 for the year ended December 31, 2018.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018, follows:

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**2018 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,950	\$10,874	\$3,924
Special Revenue	2,160	2,745	585
Enterprise	0	1,470,594	1,470,594
Total	<u>\$9,110</u>	<u>\$1,484,213</u>	<u>\$1,475,103</u>

**2018 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$14,730	\$8,762	\$5,968
Special Revenue	2,800	1,374	1,426
Enterprise	1,469,467	974,892	494,575
Total	<u>\$1,486,997</u>	<u>\$985,028</u>	<u>\$501,969</u>

**Note 5 – Deposits**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2018 was \$695,809.

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), 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.

**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

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

**Village of Rome, Ohio**  
*Adams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 7 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village 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 (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

The Village is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles

**Note 8 - Defined Benefit Pension Plans**

***Social Security***

The Village'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 Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has not paid all contributions required through December 31, 2018.

**Note 9 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$287,648	3.25 % - 3.45%

The Ohio Water Development Authority (OWDA) loans relate to the construction of a sewer plant project. The OWDA approved up to \$338,490 in loans to the Village for this project. The Village will repay the loans in semiannual installments, including interest, over 5 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

***Amortization***

Amortization of the above debt, including interest, has not been determined. There is no repayment schedule available from OWDA. OWDA will invoice the Village twice a year for the payment amount.

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**VILLAGE OF ROME  
ADAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020, 2019, AND 2018**

**FINDING NUMBER 2020-001**

**Noncompliance / Internal Control Deficiency**

**Accounting Records / Classified Financial Statements**

**Ohio Rev. Code § 733.28** requires the Village Clerk to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

**Ohio Admin. Code § 117-2-02(A)** requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

**Ohio Admin. Code § 117-2-02(C)** provides that:

1. 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.
2. Purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by section 5705.41(D) of the Revised Code. Purchase orders are not effective unless the fiscal officer's certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services is made.
3. Vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information. The local office should also attach the supporting documentation to the voucher, such as vendor invoices.

**Ohio Admin. Code § 117-2-02(D)** provides that all local public offices may maintain accounting records in a manual or computerized format. Such records should include:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of payor, purpose, receipt number, and other information required for such transactions to be recorded on this ledger.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.
4. In addition, all local public offices should maintain payroll records including a payroll journal that records, assembles and classifies by pay period the name of employee, employee's identification number, hours worked, wage rates, pay date, withholdings by type, net pay, and other compensation paid to an employee, and the fund and account charged for the payments.

**FINDING NUMBER 2020-001  
(Continued)**

The following internal control deficiencies existed in the accounting records.

- The Village did not maintain a receipts ledger or an appropriation ledger that classifies receipts and disbursements by accounts.
- The Village did not maintain any accounting records for the Sewer Operations account.
- The Village did not maintain a payroll ledger.
- The Village Fiscal Officer did not certify purchase orders and did not record the related encumbrances (see Finding 2020-002).
- The Village did not use vouchers.
- The Village did not use duplicate receipts.
- The Village did not post approved/authorized appropriations and estimated receipts to the accounting system.
- The Village did not maintain the accounting records in such manner that allowed the presentation of financial statements in a classified format as required by the Ohio Administrative Code.

Failure to properly maintain accounting records resulted in inaccurate amounts being reported by the Village on their annual financial report, as noted in finding 2020-007. Also, not having complete and accurate accounting records, including budgetary information, increases the risk of spending more than is available. Officials need to have complete and accurate accounting records in order to make informed management decisions.

The Village should implement the appropriate procedures to ensure that financial records are sufficiently maintained in order to properly present financial statements in the required format. Further, the Fiscal Officer should properly maintain the accounting records and reconcile the cash journal to the bank balances and to the receipts ledger and appropriation ledger monthly.

Using these accounting records will provide the Village with information to monitor compliance with the budget and prepare annual reports in the format required by the Ohio Revised Code and Ohio Administrative Code.

**Officials' Response:**

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

**FINDING NUMBER 2020-002**

**Noncompliance / Internal Control Deficiency**

**Proper Encumbering**

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.



**FINDING NUMBER 2020-002**  
**(Continued)**

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 100% of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**Officials' Response:**

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

### FINDING NUMBER 2020-003

#### Internal Control Deficiency

##### Management Oversight / Segregation of Duties

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The size of the Village's staff did not allow for an adequate segregation of duties; the Village Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important that the Village Council monitor financial activity closely.

The Fiscal Officer did not provide Council with financial reports to review. The Fiscal Officer did not prepare and present checks to Council consistently prior to payment per review of the minutes. The Fiscal Officer is the only signature required on checks. Bank reconciliations were not completed by the Fiscal Officer and reviewed and approved by Council. Budget to actual financial reports were not monitored by Village Council.

The Fiscal Officer should maintain record of budget and actual information in a format easily reviewable by the Village Council. Further, the Village Council should review detailed financial reports, budget versus actual information, and bank reconciliations on a monthly basis. This should be documented in the minute record and/or initialed and dated as reviewed. The Village Council should also make appropriate inquiries to help determine the continued integrity of financial information. Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Village.

##### Officials' Response:

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

### FINDING NUMBER 2020-004

#### Internal Control Deficiency

##### Bank Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

**FINDING NUMBER 2020-004  
(Continued)**

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council and/or other administrator are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of 2018, 2019 and 2020. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:**

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

**FINDING NUMBER 2020-005**

**Noncompliance**

**State Withholdings**

**Ohio Rev. Code § 5747.06** requires the employing government to withhold state income taxes from its employees' compensation. The employing government shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively compensates the employee. The Fiscal Officer did not withhold the required state payroll taxes for 2018, 2019 and 2020 from employees' compensation. Failure to withhold the required tax could result in penalties and interest levied against the Village.

The Fiscal Officer should withhold the required taxes when calculating and disbursing payment to its employees to avoid interest and penalties.

This matter will be referred to the Ohio Department of Taxation.

**Officials' Response:**

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

## FINDING NUMBER 2020-006

### Noncompliance

#### Federal Withholdings

**Section 278, Public Law 97-248, H. R. 4961** states that Medicare should be deducted from employees' compensation for all employees hired after March 31, 1986. Furthermore, employers are liable for reporting and remitting these taxes.

**26 U.S.C. § 3402(a)(1)** states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary.

**26 U.S.C. § 3403** states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

The Village did withhold but did not remit medicare taxes for 5 of the 6 employees tested during 2018 in the amount of \$27. The Village did not withhold or remit medicare taxes for 1 of the 6 employees tested during 2018 in the amount of \$17.

The Village did not withhold or remit medicare taxes for any employee tested during 2019 or 2020 in the amounts of \$41 and \$24, respectively.

The Village did withhold but did not remit social security for 5 of the 6 employees tested during 2018 in the amount of \$115.

The Village did not withhold or remit social security for any employee tested during 2019 or 2020 in the amounts of \$120 and \$104, respectively.

The Village did not withhold or remit federal income taxes for any employee tested during the audit period.

The Village should withhold federal income and/or medicare from all applicable officials and employees' compensation and remit payments to the Internal Revenue Service in a timely manner.

This matter will be referred to the Internal Revenue Service.

#### Officials' Response:

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

## FINDING NUMBER 2020-007

### Internal Control Deficiency

#### Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the Village's financial statement monitoring and review process, the Village made the following errors:

**FINDING NUMBER 2020-007  
(Continued)**

- In 2018, unclassified disbursements and unclassified receipts were understated by \$894,605 in the Sewer Project Fund.
- In 2020, unclassified disbursements and unclassified receipts were understated by \$105,395 in the Sewer Project Fund.

The Village corrected the financial statements for the above.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Village.

The Village should accurately record financial transactions.

**Officials' Response:**

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

**FINDING NUMBER 2020-008**

**Internal Control Deficiency**

**Disbursement Controls**

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance to safeguard public funds. Weaknesses noted in the internal controls over disbursements are as follows:

- Only one signature on checks, either Mayor or Fiscal Officer.
- Voucher sheets are not attached to bills.

Failure to design and implement sufficient controls over the disbursements of public funds increases the risk that loss or misappropriation of funds could occur and not be detected in a reasonable time period.

To improve controls over disbursements:

- Council should adopt a policy that requires at least two officials' signatures on every check.
- The use of vouchers should be implemented, with a voucher attached to each bill and the voucher signed by Council members as documentation that the bill has been reviewed and approved for payment.

**Officials' Response:**

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

**FINDING NUMBER 2020-009**

**Noncompliance/Internal Control Deficiency**

**Report Filing**

**Ohio Rev. Code § 117.38** provides that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The Auditor of State may waive these penalties, upon the filing of the past due financial report.

The Village filed its 2018 and 2019 unclassified financial statements on February 18, 2021, which were not within the allotted timeframe.

The Village contracted with the Local Government Services Division of the Auditor of State's Office to assist with financial statement preparation due to the absence of a fiscal officer.

The Fiscal Officer should file the Village's annual financial reports, in the proper format, with the Auditor of State within 60 days of the fiscal year end. Further, the Village should establish an accounting system capable of accurate financial reporting. Also, all the Village's officials should obtain the necessary training needed to obtain an understanding in accounting information and reporting.

**Officials' Response:**

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

**FINDING NUMBER 2020-010**

**Noncompliance**

**Investment Education**

**Ohio Rev. Code § 135.22(B)** states that to enhance the background and working knowledge of treasurers in investments, cash management, and ethics, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State's office in fiscal years 2018 through 2020.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

**Officials' Response:**

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

**FINDING NUMBER 2020-011**

**Noncompliance**

**Ohio Pooled Collateral System Monitoring**

**Ohio Rev. Code § 135.182(B)(2)** provides that public depositories that participate in the Ohio Pooled Collateral System (OPCS) are responsible for periodically confirming the accuracy of its account balances with the treasurer of state.

The Village failed to review the OPCS reports related to its deposits during the period under audit as evidenced by the OPCS website's login report. Failure to periodically review reports on the OPCS website could lead to a lack of collateralization related to Village accounts as well as a failure to correct report inaccuracies.

The Fiscal Officer should periodically log in to the OPCS website and review the reports contained on the website.

**Officials' Response:**

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

**FINDING NUMBER 2020-012**

**Internal Control Deficiency**

**Political Activities Policy**

The Village should have formal policies concerning various aspects of the Village including political activities.

The Village did not have a formal policy concerning political activity. This could result in situations occurring that could be considered noncompliance with Ohio Rev. Code § 124.57.

The Village Council, with the assistance of their legal counsel, should develop a formal policy regarding political activity to govern transactions of the Village.

**Officials' Response:**

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

### FINDING NUMBER 2020-013

#### Noncompliance

##### Bonds

**Ohio Rev. Code § 705.27** states that the treasurer, auditor, and such other officers or employees of the municipal corporation as the legislative authority directs, shall give a bond to the municipal corporation for the faithful performance of their duties, in such sum as the legislative authority fixes by ordinance or resolution. In addition, **Ohio Rev. Code § 733.69** states each officer of a municipal corporation required by law or ordinance to give bond shall do so before entering upon the duties of the office, except as otherwise provided in the municipal charter or in section 3.061 of the Revised Code. Premiums on official bonds may be paid by the municipal corporation.

The Village council has not established an amount at which officials and employees should be bonded. The Village did not obtain bonds for any official or employee. Failure to obtain the required bonds could result in loss of funds should theft or misappropriation of funds occur.

The Village should establish an amount and obtain bonds for officials.

##### Officials' Response:

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

### FINDING NUMBER 2020-014

#### Noncompliance

##### Public Records Policy

**Ohio Rev. Code § 149.43(E)(2)** provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to **Ohio Rev. Code § 149.43(B)(7)(c)**, the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

**Ohio Rev. Code § 149.43(E)(2)** further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Village has no formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law.



**FINDING NUMBER 2020-014**  
**(Continued)**

The Village shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Village should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy must be conspicuously displayed in all of the Village's branch offices and the public records policy must be included in policy manuals or handbooks if any exist.

Pursuant to **Ohio Rev. Code § 109.43(E)(2)**, the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

**Officials' Response:**

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

**FINDING NUMBER 2020-015**

**Noncompliance**

**Records Retention Schedule**

**Ohio Rev. Code § 149.43(B)(2)** states the entity shall have available a copy of its current records retention schedule at a location readily available to the public.

The Village did not have a records retention policy or schedule in place or approved. Without a policy over records retention the Village may destroy records that are to be retained.

The Village should establish a records retention policy.

**Officials' Response:**

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

**FINDING NUMBER 2020-016**

**Noncompliance**

**Public Records Training**

**Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

None of the Village's elected officials, during their term of office, attended a required Certified Public Records Training or had an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

**FINDING NUMBER 2020-016  
(Continued)**

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

**Officials' Response:**

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

**FINDING NUMBER 2020-017**

**Noncompliance**

**Records Commission**

**Ohio Rev. Code § 149.39** provides, in part, that each municipal corporation create a records commission composed of the chief executive or the chief executive's appointed representative, as chairperson, and the chief fiscal officer, the chief legal officer, and a citizen appointed by the chief executive. The commission shall appoint a secretary, who may or may not be a member of the commission and who shall serve at the pleasure of the commission. The commission shall meet at least once every six months and upon the call of the chairperson.

The Village did not have a records commission nor did they meet once every six months as required by state statute due to deficiencies in the Village's public records retention procedures. Public records could be improperly maintained or destroyed as a result of the deficiencies.

The Village should establish a records commission and monitor the scheduling of record commission meetings in order to help ensure meetings are held as required by Ohio Rev. Code Chapter 149.

**Officials' Response:**

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

**FINDING NUMBER 2020-018**

**Noncompliance**

**Estimated Resources**

**Ohio Rev. Code § 5705.36(A)(1)** provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2020 or 2019. This was not detected by the Village due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

**FINDING NUMBER 2020-018  
(Continued)**

The Fiscal Officer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.

**Officials' Response:**

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

**FINDING NUMBER 2020-019**

**Noncompliance**

**Appropriation Resolution**

**Ohio Rev. Code § 5705.38(A)** requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1st.

The Village did not pass an appropriation measure for 2020 or 2019, nor were they filed with the County Auditor. Failure to adopt appropriations could result in overspending and negative cash fund balances.

The Village should pass an appropriation measure on or about the first day of each fiscal year. If the Village adopts a temporary measure, they must adopt a permanent measure no later than April 1. In addition, approved appropriation measures should be filed with the County Auditor.

**Officials' Response:**

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

**FINDING NUMBER 2020-020**

**Noncompliance**

**Appropriations Exceed Estimated Resources**

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2018 the Village's appropriations exceeded the amount certified as available by the budget commission in the Sewer Project fund by \$1,469,469.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

**FINDING NUMBER 2020-020  
(Continued)**

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Council to reduce the appropriations.

**Officials' Response:**

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

**FINDING NUMBER 2020-021**

**Noncompliance**

**Expenditures Exceed Appropriations**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's General, Street, State Highway, Sewer Project, and Sewer Operating Funds expenditures of \$10,632, \$3,320, \$446, \$472,684 and \$7,924 respectively exceeded appropriations of zero since no appropriation measure was adopted, as of December 31, 2019.

Also the Village's General, Street, Sewer Project and Sewer Operating Funds expenditures of \$5,677, \$1,229, \$537 and \$9,885 respectively exceeded appropriations of zero since no appropriation measure was adopted, as of December 31, 2020.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Officials' Response:**

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

**FINDING NUMBER 2020-022**

**Internal Control Deficiency**

**Bidding Compliance**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

**FINDING NUMBER 2020-022  
(Continued)**

Also, Ohio Rev. Code § 731.14 states all contracts made by the legislative authority for material and labor which exceed \$50,000 are subject to competitive bidding procedures. Competitive bidding procedures require that a contract be entered into in writing with the lowest and best bidder after advertisement of the proposal for bids for not less than two consecutive weeks in a newspaper of general circulation within the Village.

During 2018, the Village contracted a sewer project. Although the project was bid through the required bidding process, not all bidding requirements were met. The contract was awarded in the minutes with no documentation that confirmed compliance with the lowest and best selection or advertising for proposal. We were unable to confirm that the selected bid was the only bid received, or the lowest and best bid.

Failure to follow competitive bidding procedures could allow the Village to pay more for materials and labor than actually needed.

The Village should maintain all records in order to show compliance with the Ohio Revised Code and contract projects expected to exceed the \$50,000 threshold through competitive bidding procedures.

**Officials' Response:**

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

**FINDING NUMBER 2020-023**

**Internal Control Deficiency**

**Minute Records**

The minutes of a public meeting of a public body must be "full and accurate." The minutes must state sufficient facts and information to permit the public to understand and appreciate the rationale behind the public body's decisions. See *State ex rel. White v. Clinton County Board of Commissioners* (76 Ohio St. 3d 416) and *State ex rel. Long v. Council of the Village of Cardington* (92 Ohio St. 3d 54).

We noted the following conditions related to the minutes:

- Prior minutes were not approved during Council meetings.
- No minutes were signed.
- Votes on official business were not always taken. When votes were taken by Council, roll call was not documented.
- Bills not always listed for payment approval by Council.
- Motions to adjourn meetings not always made.
- Financial reports not presented or noted as reviewed by Council.

Without appropriate documentation of Council meetings within the minutes, questions could arise as to the official actions taken by Council.

**FINDING NUMBER 2020-023  
(Continued)**

As the Council speaks through its record of proceedings, the Village should maintain an accurate record of all Council meetings and actions. All votes taken should be accurately documented with roll call. Properly documenting all Council actions will help to assure the Village that a complete and accurate record of Council proceedings is maintained.

**Officials' Response:**

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

**FINDING NUMBER 2020-024**

**Noncompliance**

**Fiscal Integrity Act**

**Ohio Rev. Code § 733.81** states a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed within the fiscal officer's first term. Twelve hours of training shall be completed for each subsequent term.

The Auditor of State's office has developed an on-line training database. The database includes a list of approved training, which is maintained by our training department. Fiscal Officers must register and create a personal username and password for the Auditor of State's Fiscal Integrity site for reporting purposes.

Training is then reported by choosing the training courses and dates attended. Fiscal officers are required to self-report their hours, otherwise they will not receive credit for the training. Fiscal Officers can access and print their certificates via the Fiscal Integrity Act portal available at <http://www.ohioauditor.gov/fiscalintegrity/default.html>.

The Village Fiscal Officer did not complete the required hours of continuing education.

The Village Fiscal Officer should obtain required continuing education and report that training through the Fiscal Integrity Act portal.

**Officials' Response:**

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

## FINDING NUMBER 2020-025

### Noncompliance

#### Ohio Public Employees Retirement System Withholdings

**Ohio Rev. Code § 145.47(B)** states that "The head of each state department, institution, board, and commission, and the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period. The system, after making a record of all receipts under this division, shall deposit the receipts with the treasurer of state for use as provided by this chapter."

The Village did not withhold or remit Ohio Public Employee Retirement System (OPERS) deductions for the Fiscal Officer during the audit period. There was no evidence that the Fiscal Officer was exempt from this withholding.

The Village could incur penalties and interest due to the payments not being made for the required amounts.

The Fiscal Officer should withhold the correct amounts from payroll, and submit the required reports and contribution/withholding remittances in a timely manner to ensure compliance with applicable laws and regulations and to avoid interest and penalties.

This matter will be referred to the Ohio Public Employee Retirement System.

#### Officials' Response:

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

## FINDING NUMBER 2020-026

### Noncompliance

#### W-2 Forms

**26 C.F.R. Sections 1.6041-1 and 1.6041-2** require the employing government to report certain payments of compensation on either a Form 1099 or a Form W-2.

The Fiscal Officer did not issue either a Form 1099 or a Form W-2 to any employees for the period January 1, 2019 through December 31, 2020 due to insufficient payroll policies and procedures.

The Village could incur penalties and interest due to the non-filing of the above noted forms.

The Fiscal Officer should prepare and distribute the above noted forms in a timely manner to help ensure compliance with applicable laws and regulations and to avoid interest and penalties.

This matter will be referred to the Internal Revenue Service.

**FINDING NUMBER 2020-026  
(Continued)**

**Officials' Response:**

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

**FINDING NUMBER 2020-027**

**Internal Control Deficiency**

**Employee Master Files**

Master Files are maintained by entities to ensure complete and accurate payroll records. The Auditor of State suggests master files contain the following information:

- a. Name
- b. Hiring authorization
- c. Position and authorized salary rate
- d. Department(s) / fund(s) to which salary will be charged.
- e. Deduction authorizations, such as deferred compensation programs or charitable contributions
- f. Retirement system participation
- g. Federal withholding authorization Form W-4.
- h. State & local income tax withholding authorization
- i. Signed acknowledgement of the Auditor of State's Fraud reporting system.

The Village did not provide evidence of maintaining payroll master files for any of its employees and officials.

Failure to maintain the above documents could result in unauthorized payments or inaccurate payroll payments and withholdings.

The Village Fiscal Officer should create and maintain personnel master files containing the above elements for the Village Fiscal Officer, Mayor, and Council members.

**Officials' Response:**

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



## FINDING NUMBER 2020-028

### Internal Control Deficiency

#### Sewer Receipts

Management is responsible for designing and implementing internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires documented procedures to provide management reasonable assurance that transactions occurred and are not fictitious. In addition, a well-designed system of internal control will include monitoring of financial reports and information by management in order to compensate for any lack of segregation of duties.

In April 2017, Village Council approved the billing of property owners \$5 per month as a sewer surcharge. In 2018, Village Council approved changing the monthly billing of a surcharge to \$35 per month as a sewer fee. The Village outsourced the billing of the monthly sewer charges to Analytical Associates.

The following internal control weaknesses were noted with regard to the Village's sewer billing and collections:

- The bills were sent out by Analytical Associates. A billing report was not provided to the Village for amounts and properties billed. No reconciliation as to amounts billed versus amounts collected could be performed.
- The Village had not established procedures to determine whether Analytical Associates had sufficient controls in place and operating effectively to reduce the risk that sewer billings had been completely and accurately processed.
- The Village does not maintain a Sewer subsidiary ledger.
- The Village did not maintain records showing property and amount billed, amount received, date received and delinquent accounts with outstanding balances.
- In the February 10, 2020 billing cycle, two parcels were noted as being billed \$15 instead of \$35 with no explanation as to the reason for the different billing amount.
- In the July 10, 2020 billing cycle, a parcel number had a different property address associated with it than what had been noted in previous billing cycles.
- The Village did not make timely deposits to the bank of sewer amounts received. The Village only made 4 deposits in 2018; 9 deposits in 2019; and 4 deposits in 2020.
- The deposit slips were not marked as sewer receipts and did not contain detail as to what customers paid and if payments were made in cash or via a check.
- The Village did not establish a policy for delinquent accounts.

These conditions could lead to errors and/or irregularities going undetected for a significant period of time, which could result in uncollected revenues, and possible findings for recovery or findings for adjustments in future audits.

**FINDING NUMBER 2020-028**  
**(Continued)**

Village Council should:

- Implement policies and procedures to verify that sewer customers are being charged in accordance with approved rates.
- Implement policies and procedures to determine whether Analytical Associates has sufficient controls in place and operating effectively to reduce the risk that sewer billings had been completely and accurately processed.
- Obtain billing reports from Analytical Associates and perform a reconciliation against amounts billed versus amounts received.
- Maintain a subsidiary ledger noting amount billed, amount received, date received and amounts outstanding.
- Deposit amounts received with the bank on a timely basis. Also, indicate on deposit slips if money was received via cash or check.
- Approve and implement formal delinquency procedures, which should include the pursuit of delinquent accounts, certification of delinquent balances to the County Auditor for collection, and a system to track delinquent accounts.

**Officials' Response:**

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

**FINDING NUMBER 2020-029**

**Noncompliance**

**Timely Depositing**

**Ohio Rev. Code § 9.38** provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

To date the Village has not approved a policy to extend the time between collection and deposit beyond one business day.

The Village did not deposit timely to the bank as required. Comparison of date of checks received to date of deposit showed delays of anywhere from 11 days to 9 months. We were unable to determine a dollar amount due the Village not recording when deposits were received.

We noted that a check issued by the Adams County Auditor in the amount of \$447 on December 22, 2020 had not been deposited as of May 17, 2021.

**FINDING NUMBER 2020-029  
(Continued)**

Delays of this nature resulting from deficiencies in internal control procedures could cause receipts to be lost, misplaced, or stolen without being detected in a timely manner.

The Village should draft, approve, and monitor the implementation of policies and procedures to help ensure timely depositing of public monies in accordance with Ohio Rev. Code § 9.38.

**Officials' Response:**

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

**FINDING NUMBER 2020-030**

**Internal Control Deficiency**

**Supporting Documentation**

Maintaining organized documentation and support for financial transactions is essential in assuring the Village's financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

Of the 156 transactions tested, we identified 48 transactions where the Village did not obtain proper documentation for expenditure transactions.

15 of these transactions were for work performed through contract labor where the rate of pay and/or hours were not properly supported.

We were able to perform alternative engagement procedures to gain the necessary engagement assurances to determine that \$227,348 of the \$229,116 transactions with no supporting documentation were expended for a proper public purpose. Transactions for which the Village could not provide evidence that they were for a proper public purpose resulted in findings for recovery (see Finding Numbers 2020-032 and 2020-033).

All expenditures should be supported by adequate documentation to show the amount paid was for a proper public purpose. Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose. Expenditures deemed to not be for a proper public purpose could result in findings for recovery being issued.

Also, we identified 3 receipts for which the Village did not maintain proper documentation. All receipts should be supported by adequate documentation to show the amount received was properly deposited and accounted for.

The Village should develop policies and procedures outlining the security of all records or take a written inventory of all records noting the records description and location. All records should be maintained orderly in a secure central location, such as locked file cabinets or in a locked office, with access limited to specific officials and/or personnel. Disposal of records should only be made in accordance with an approved records retention schedule.

Furthermore, the Fiscal Officer should keep supporting documentation for all transactions.

**Officials' Response:**

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

### FINDING NUMBER 2020-031

#### Noncompliance / Finding for Recovery

##### Overpayment of Payroll Wages

Ohio Rev. Code § 731.13 states, in part, the legislative authority of a Village “shall fix the compensation of all officers, clerks, and employees of the Village except as otherwise provided by law. The legislative authority shall, in the case of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office.” The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed. This section does not prohibit the payment of any increased costs of continuing to provide the identical benefits provided to an officer at the commencement of his term of office.

Due to the lack of procedures in place to properly calculate wages and not having monitoring procedures in place for expenditures made, the Village incorrectly paid the fiscal officer in 2018.

The Council approved pay rates in the minute records on January 28, 2018. The fiscal officer’s salary was set at \$1,050 for the year. Carla Brown, Former Fiscal Officer, was paid \$1,169 in 2018, resulting in an overpayment of \$119.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against the Former Fiscal Officer, Carla Brown, in the amount of \$119, and in favor of the Village of Rome’s General Fund.

##### Officials’ Response:

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

### FINDING NUMBER 2020-032

#### Noncompliance / Finding for Recovery

##### Not Proper Public Purpose

***State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)***, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Due to insufficient policies and procedures, the Village incurred the following late fees and did not provide supporting documentation for the following expenditures. We were unable to determine whether the unsupported expenditures were for a proper public purpose: (see Finding Number 2020-030)

- The Village paid late fees in the amount of \$307 from January 1, 2018 through December 31, 2019 due to not paying invoices in a timely manner.
- The Village did not provide support to document proper public purpose for other expenditures totaling \$600 from January 1, 2018 through December 31, 2019.

**FINDING NUMBER 2020-032  
 (Continued)**

Prior Village Fiscal Officer Carla Brown received or collected the public money used to make the improper payments.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

In accordance with the forgoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Carla Brown in the amount of \$907 and in favor of the Village of Rome funds indicated below:

<b>Summary – in Favor of Funds</b>	
General Fund	\$ 716
Sewer Project Fund	161
Sewer Fund	30
Total	\$907

**Officials’ Response:**

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

**FINDING NUMBER 2020-033**

**Noncompliance / Finding for Recovery**

**Not Proper Public Purpose**

*State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)*, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Due to insufficient policies and procedures, the Village did not provide supporting documentation for the following expenditures. We were unable to determine whether these expenditures were for a proper public purpose: (see Finding Number 2020-030)

- The Village did not provide support to document proper public purpose for other expenditures totaling \$960 from January 1, 2020 through December 31, 2020.

Village Mayor Linda Wolfe, who is performing the duties of a village fiscal officer, received or collected the public money used to make the improper payments.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

**FINDING NUMBER 2020-033  
(Continued)**

In accordance with the forgoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Linda Wolfe in the amount of \$960 and in favor of the Village of Rome General Fund.

**Officials' Response:**

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

**VILLAGE OF ROME  
ADAMS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020, 2019, AND 2018**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2017-001	OAC §§ 117-2-01(D)(3) and (5) – Monthly bank reconciliations not prepared.	No	Not Corrected – Reissued as Finding Number 2020-004
2017-002	OAC § 117-2-01(D)(4) – Council did not provide adequate monitoring.	No	Not Corrected – Reissued as Finding Number 2020-003
2017-003	ORC §733.28, OAC §§ 117-2-02(A), (C), and (D) – Accounting records to be kept and preparation of unclassified financials.	No	Not Corrected – Reissued as Finding Number 2020-001
2017-004	ORC §§ 340a, 3402, 3403, 3404, 3405 and 3102(a) – Did not remit federal payroll taxes and social security.	No	Not Corrected – Reissued as Finding Number 2020-006
2017-005	ORC § 117.38 – Timely filing of annual reports in the Hinkle System.	No	Not Corrected – Reissued as Finding Number 2020-009
2017-006	ORC § 5705.39 – Appropriations exceeded estimated resources.	No	Not Corrected – Reissued as Finding Number 2020-020
2017-007	ORC § 5705.41(B) – expenditures exceed appropriations.	No	Not Corrected – Reissued as Finding Number 2020-021
2017-008	ORC § 5705.41 (D)(1) – Not properly certifying availability of funds.	No	Not Corrected – Reissued as Finding Number 2020-002
2017-009	Posting of transactions to accounting records and financial statements.	No	Not Corrected – Reissued as Finding Number 2020-007
2017-010	ORC § 149.351 – Supporting documentation not provided.	No	Not Corrected – Reissued as Finding Number 2020-030





# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF ROME**

**ADAMS 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 11/9/2021**

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](http://www.ohioauditor.gov)