



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF ROME
ADAMS COUNTY
FOR THE PERIOD JANUARY 1, 2021 THROUGH JULY 31, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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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 period January 1, 2021 through July 31, 2022. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. 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 2022-001 through 2022-004, 2022-006, 2022-015, and 2022-017 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 items 2022-001 through 2022-002, 2022-005, 2022-007 through 2022-0014, 2022-016, 2022-018 through 2022-021.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio
March 7, 2024

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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 Period Ended July 31, 2022

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$341	\$0	\$341
Intergovernmental	3,743	2,499	6,242
<i>Total Cash Receipts</i>	<u>4,084</u>	<u>2,499</u>	<u>6,583</u>
Cash Disbursements			
General Government	5,603	0	5,603
Security of Persons and Property	1,236	0	1,236
Transportation	0	1,512	1,512
<i>Total Cash Disbursements</i>	<u>6,839</u>	<u>1,512</u>	<u>8,351</u>
<i>Net Change in Fund Cash Balances</i>	(2,755)	987	(1,768)
<i>Fund Cash Balances, January 1, 2022</i>	<u>5,788</u>	<u>38,774</u>	<u>44,562</u>
Fund Cash Balances, July 31, 2022			
Restricted	0	39,761	39,761
Unassigned	3,033	0	3,033
<i>Fund Cash Balances, July 31, 2022</i>	<u>\$3,033</u>	<u>\$39,761</u>	<u>\$42,794</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 Period Ended July 31, 2022

	Proprietary Fund Type
	Enterprise
Cash Receipts	
Charges for Services	\$960
Cash Disbursements	
Contractual Services	4,777
Materials and Supplies	435
Debt Service:	
Principal	10,808
<i>Total Cash Disbursements</i>	16,020
<i>Net Change in Fund Cash Balances</i>	(15,060)
<i>Fund Cash Balance (Deficit), January 1, 2022</i>	(2,369)
<i>Fund Cash Balance (Deficit), July 31, 2022</i>	(\$17,429)
<i>See accompanying notes to the basic financial statements</i>	

Village of Rome, Ohio
Adams County
Notes to the Financial Statements
For the Period Ended July 31, 2022

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.

On December 27, 2021, the Ohio Attorney General filed a Complaint for Dissolution with the Adams County Court of Common Pleas pursuant to Ohio Revised Code Section 703.201(C). On March 2, 2022, a hearing was held and, based upon the evidence presented, the Court ordered that the Village of Rome be dissolved. The Village of Rome's corporate powers ceased upon the filing of the order with the Adams County Recorders Office.

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 all 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 Funds:

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.

Village of Rome, Ohio
Adams County
Notes to the Financial Statements
For the Period Ended July 31, 2022

Enterprise Funds These funds account 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:

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 (C). 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 include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The Village Council did not pass an appropriation measure for 2022.

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 2022.

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 2022 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.

Village of Rome, Ohio
Adams County
Notes to the Financial Statements
For the Period Ended July 31, 2022

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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds. The Village did not have any nonspendable fund balances at July 31, 2022.

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 July 31, 2022.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end. The Village did not have any assigned fund balances at July 31, 2022.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$6,839, the Street Construction, Maintenance, and Repair fund by \$1,512, and the Sewer fund by \$16,020

Village of Rome, Ohio
Adams County
Notes to the Financial Statements
For the Period Ended July 31, 2022

for the period ended July 31, 2022. Also, contrary to Ohio Law, at July 31, 2022, the Sewer Operating fund had a cash deficit balance of (\$17,429).

Note 4 - Budgetary Activity

Budgetary activity for the period ended July 31, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$4,084	\$4,084
Special Revenue	0	2,499	2,499
Enterprise	0	960	960
Total	\$0	\$7,543	\$7,543

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$6,839	(\$6,839)
Special Revenue	0	1,512	(1,512)
Enterprise	0	16,020	(16,020)
Total	\$0	\$24,371	(\$24,371)

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The carrying amount of deposits and investments at July 31, 2022, was \$25,365.

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

Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Period Ended July 31, 2022

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. The Village had no employees during 2022. The Village also did not have any liability insurance during 2022.

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 contribute 6.2 percent of their gross salaries. The Village had no employees for 2022.

Note 9 – Debt

The Village had a loan with the Ohio Water Development Authority (OWDA) for construction of a sewer plant. The Village paid the final payment of \$10,808 on February 8, 2022.

Note 10 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. 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 2022, the Village received no CARES Act or ARPA funding or on-behalf donations from other governments.

Note 12 – Subsequent Events

From the date of this report, July 31, 2022, the Village has had the following subsequent bank account activity:

Village of Rome, Ohio
Adams County
Notes to the Financial Statements
For the Period Ended July 31, 2022

	August 2022	September 2022	October 2022	November 2022	December 2022
Beginning Bank Balance	\$25,365.08	\$26,023.20	\$25,993.80	\$26,585.05	\$25,353.07
Deposits	1,004.92	319.32	758.18	1,523.22	333.60
Withdrawals	(346.80)	(348.72)	(166.93)	(2,755.20)	(3,674.72)
Ending Bank Balance	\$26,023.20	\$25,993.80	\$26,585.05	\$25,353.07	\$22,011.95

	January 2023	February 2023	March 2023	April 2023	May 2023
Beginning Bank Balance	\$22,011.95	\$20,339.34	\$20,544.87	\$20,561.27	\$20,870.67
Deposits	725.21	342.37	262.40	309.40	291.45
Withdrawals	(2,397.82)	(136.84)	(246.00)	0.00	0.00
Ending Bank Balance	\$20,339.34	\$20,544.87	\$20,561.27	\$20,870.67	\$21,162.12

	June 2023	July 2023	August 2023	September 2023	October 2023
Beginning Bank Balance	\$21,162.12	\$21,005.89	\$21,385.04	\$21,708.06	\$22,018.35
Deposits	343.77	379.15	323.02	310.29	336.92
Withdrawals	(500.00)	0.00	0.00	0.00	0.00
Ending Bank Balance	\$21,005.89	\$21,385.04	\$21,708.06	\$22,018.35	\$22,355.27

	November 2023	December 2023
Beginning Bank Balance	\$22,355.27	\$22,059.14
Deposits	303.87	304.00
Withdrawals	(600.00)	0.00
Ending Bank Balance	\$22,059.14	\$22,363.14

	January 2024	February 2024	March 2024
Beginning Bank Balance	\$22,363.14	\$22,600.41	\$22,894.54
Deposits	278.27	294.13	135.43
Withdrawals	(41.00)		(300.00)
Ending Bank Balance	\$22,600.41	\$22,894.54	\$22,729.97

A Check in the amount of \$22,729.97 was issued to Green Township on March 7, 2024.

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, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$639	\$0	\$639
Intergovernmental	5,882	4,329	10,211
Miscellaneous	93	0	93
<i>Total Cash Receipts</i>	<u>6,614</u>	<u>4,329</u>	<u>10,943</u>
Cash Disbursements			
General Government	1,965	0	1,965
Security of Persons and Property	2,043	0	2,043
Transportation	0	464	464
<i>Total Cash Disbursements</i>	<u>4,008</u>	<u>464</u>	<u>4,472</u>
<i>Net Change in Fund Cash Balances</i>	2,606	3,865	6,471
<i>Fund Cash Balances (Deficit), January 1, 2021</i>	<u>3,182</u>	<u>34,909</u>	<u>38,091</u>
Fund Cash Balances (Deficit), December 31, 2021			
Nonspendable	0	0	0
Restricted	0	38,774	38,774
Unassigned (Deficit)	5,788	0	5,788
<i>Fund Cash Balances (Deficit), December 31, 2021</i>	<u><u>\$5,788</u></u>	<u><u>\$38,774</u></u>	<u><u>\$44,562</u></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, 2021

	Proprietary Fund Type
	Enterprise
Cash Receipts	
Charges for Services	\$5,190
Cash Disbursements	
Contractual Services	10,578
Materials and Supplies	745
Debt Service:	
Principal	171,905
<i>Total Cash Disbursements</i>	183,228
<i>Net Change in Fund Cash Balances</i>	(178,038)
<i>Fund Cash Balances (Deficit), January 1, 2021</i>	175,669
<i>Fund Cash Balances (Deficit), December 31, 2021</i>	(\$2,369)
<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, 2021

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 all 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 Funds:

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 These funds account 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, 2021

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 (C). 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 include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit..

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The Village Council did not pass an appropriation measure for 2021.

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 2021.

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 2021 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, 2021

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, 2021. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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, 2021.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end. The Village did not have any assigned fund balances at December 31, 2021.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$4,008, in the Street Construction Maintenance and Repair fund by \$464, and the Sewer fund by \$183,228 for the year ended December 31, 2021. Also, contrary to Ohio Law, at December 31, 2021, the Sewer Operating fund had a cash deficit balance of (\$9,166).

Village of Rome, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2021, follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$6,614	\$6,614
Special Revenue	0	4,329	4,329
Enterprise	0	5,190	5,190
Total	\$0	\$16,133	\$16,133

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$4,008	(\$4,008)
Special Revenue	0	464	(464)
Enterprise	0	183,228	(183,228)
Total	\$0	\$187,700	(\$187,700)

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2021 was \$42,193.

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

Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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, 2021

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. The Village had no employees during 2021. The Village also did not have any liability insurance during 2021.

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 contribute 6.2 percent of their gross salaries. The Village had no employees for 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$10,808	3.25 % - 3.45%

The Ohio Water Development Authority (OWDA) loan relates to the construction of a sewer plant project. The OWDA approved up to \$338,490 in loans to the Village for this project. The balance remaining on loan consists of principal only. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Note 10 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. 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

Village of Rome, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

additional recovery from emergency funding, either federal or State, cannot be estimated. During 2021, the Village received no CARES Act or ARPA funding or on-behalf donations from other governments.

Note 12 – Subsequent Event

On February 8, 2022, the Village made the final OWDA loan payment of \$10,808.

**VILLAGE OF ROME
ADAMS COUNTY**

**SCHEDULE OF FINDINGS
FOR THE PERIOD JANUARY 1, 2021 THROUGH JULY 31, 2022**

FINDING NUMBER 2022-001

Noncompliance / Internal Control Deficiency

Accounting Records

Ohio Rev. Code Section 733.28 requires the Village Clerk to keep the books of the Village, exhibit accurate statements of all monies received and expended, of all the property owned by the Village and the income derived therefrom, and of all taxes and assessments.

Ohio Admin Code Section 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) states that the following systems and documents may be used to effectively maintain the accounting and budgetary records of the public office:

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 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 or and electronic fund transfer payment 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 Section 117-2-02(D) provides that all local public offices may maintain accounting records in a manual or computerized format. Such records should include the following:

1. Cash journal, which typically includes the amount, date, receipt number, check or electronic fund transfer payment 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 or expenditures/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check or electronic fund transfer number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations, 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, social security 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 2022-001
(Continued)**

The following 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 Fiscal Officer did not certify purchase orders and did not record the related encumbrances (see Finding 2022-002).
- 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.

Failure to properly maintain accounting records could result in inaccurate amounts being reported by the Village on their annual financial report. 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 2022-002

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 meet the obligation or, the case of continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made 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.

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 Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

FINDING NUMBER 2022-002
(Continued)

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 2022-003

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.

**FINDING NUMBER 2022-003
(Continued)**

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 Mayor performed all accounting functions, including receipting, depositing, and disbursing. It is therefore important that the Village Council monitor financial activity closely.

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

The Mayor 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 2022-004

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.

**FINDING NUMBER 2022-004
(Continued)**

- 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 2022-005

Noncompliance

Investment Education

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, 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 2021 through 2022.

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 2022-006

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 not compliant 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 2022-007

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. Premiums on official bonds may be paid by the municipal corporation. 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.

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 2022-008

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 2022-008
(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 2022-009

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 2022-010

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 2022-010
(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 2022-011

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 2022-012

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 2021 or 2022. 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 2022-012
(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 2022-013

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 desires 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 2022 or 2021, 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 2022-014

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, Sewer Project, and Sewer Operating Funds expenditures of \$4,008, \$464, \$171,905 and \$11,323 respectively exceeded appropriations of zero since no appropriation measure was adopted, as of December 31, 2021.

Also the Village's General, Street, Sewer Project and Sewer Operating Funds expenditures of \$6,869, \$1,512, \$6,797 and \$9,223 respectively exceeded appropriations of zero since no appropriation measure was adopted, as of July 31, 2022.

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.

**FINDING NUMBER 2022-014
(Continued)**

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 2022-015

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:

- Minutes were signed only for attendance purposes, not as reviewed and approved.
- 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.

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 2022-016

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 2022-017

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 billing \$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 were operating effectively to reduce the risk that sewer billings had been completely and accurately processed.

**FINDING NUMBER 2022-017
(Continued)**

- 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 amounts still owing.
- In the February 2022 billing cycle, one parcel was noted as having paid \$15 instead of \$35 and one parcel was noted as having paid \$20 instead of \$35, with no explanation as to the reason for the different amount being paid.
- 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.

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 were 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 2022-018

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 5 months. We were unable to determine a dollar amount due the Village not recording when deposits were received. 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 implement 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 2022-019

Noncompliance

Negative Fund Balances

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The Sewer Operating fund had a deficit fund balance of \$17,428 at July 31, 2022 and a \$9,166 deficit at December 31, 2021. Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure and control, such as the Management and/or Council's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

**FINDING NUMBER 2022-019
(Continued)**

Officials' Response:

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

FINDING NUMBER 2022-020

Noncompliance

Village Meetings

Ohio Rev. Code § 121.22(F) requires every public body to, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings, and the time, place or means and purpose of all special meetings.

The Village did not notify the public of meeting dates or times in any form.

Policies and Procedures should be established and implemented to verify that all Council meetings are held in accordance with the Ohio Sunshine Laws.

Officials' Response:

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

FINDING NUMBER 2022-021

Noncompliance

Fraud Reporting System

Ohio Rev. Code §117.103(B)(1) states a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Since May 4, 2012, Ohio Rev. Code §117.103(B)(2), has also required each public office to make all its employees aware of the fraud-reporting system. Ohio Rev. Code §117.103(B)(3) provides that a public office satisfies these notification requirements by providing information about the fraud-reporting system and means of reporting fraud in the employee handbook or manual. Employees must sign and verify receipt of the handbook or manual.

The Village neither made its current employees aware of the new fraud reporting system nor made new employees confirm receipt of this information. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to prevent unreported instances of fraud, the Village should communicate the fraud reporting system to its current employees and implement a process for informing new employees.

Officials' Response:

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

**VILLAGE OF ROME
ADAMS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE PERIOD JANUARY 1, 2022 THROUGH JULY 31, 2022**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2020-001	ORC §733.28, OAC §§ 117-2-02(A), (C), and (D) – Accounting records to be kept and preparation of unclassified financials.	No	Partially Corrected – Corrected for unclassified financials. Not Corrected for records to be kept. Reissued as Finding Number 2022-001
2020-002	ORC §5705.41 (D)(1) – Not properly certifying availability of funds.	No	Not Corrected – Reissued as Finding Number 2022-002
2020-003	Council did not provide adequate monitoring. Lack of segregation of duties	No	Not Corrected – Reissued as Finding Number 2022-003
2020-004	OAC §§ 117-2-01(D)(3) and (5) – Monthly bank reconciliations not prepared.	Yes	
2020-005	ORC §5747.06 – Did not remit state payroll taxes.	N/A	Finding No Longer Valid -No paid employees or officials during audit period.
2020-006	26 USC 3402 and 3403 – Did not remit federal payroll taxes and social security.	N/A	Finding No Longer Valid -No paid employees or officials during audit period.
2020-007	Posting of transactions to accounting records and financial statements.	Yes	
2020-008	Did not have sufficient controls over disbursements.	No	Not Corrected – Reissued as Finding Number 2022-004
2020-009	ORC §117.38 – Timely filing of annual reports in the Hinkle System.	Yes	
2020-010	ORC §135.22(B) – Did not attend annual continuing education programs for investments.	No	Not Corrected – Reissued as Finding Number 2022-005
2020-011	ORC §135.182(B)(2) –Did not review OPCS reports.	Yes	
2020-012	Did not have an established political activities policy.	No	Not Corrected – Reissued as Finding Number 2022-006

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Adams County
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2020-013	ORC §705.27 – Did not obtain bonds for any official or employee.	No	Not Corrected – Reissued as Finding Number 2022-007
2020-014	ORC §149.43(E)(2) – Did not establish a public records policy.	No	Not Corrected – Reissued as Finding Number 2022-008
2020-015	ORC §149.43(B)(2) – Did not establish a records retention policy or schedule.	No	Not Corrected – Reissued as Finding Number 2022-009
2020-016	ORC §§ 109.43(B) and 149.43(E)(1) – Officials did not attend public records training.	No	Not Corrected – Reissued as Finding Number 2022-010
2020-017	ORC §149.39 – Did not establish a records commission.	No	Not Corrected – Reissued as Finding Number 2022-011
2020-018	ORC §5705.36(A)(1) – Did not obtain a certificate of estimated resources.	No	Not Corrected – Reissued as Finding Number 2022-012
2020-019	ORC §5705.38(A) –Did not pass an appropriation measure.	No	Not Corrected – Reissued as Finding Number 2022-013
2020-020	ORC § 5705.39 - Appropriation exceeded estimated resources.	No	Finding No Longer Valid – No appropriations adopted.
2020-021	ORC § 5705.41 (B) - Expenditures exceed appropriations.	No	Not Corrected – Reissued as Finding Number 2022-014
2020-022	Did not meet all bidding requirements.	N/A	Finding No Longer Valid -No contracts with bidding requirements during the audit period.
2020-023	Minutes did not include appropriate documentation.	No	Not Corrected – Reissued as Finding Number 2022-015
2020-024	ORC §733.81 – Did not complete the required hours of continuing education.	No	Not Corrected – Reissued as Finding Number 2022-016
2020-025	ORC §145.47(B) – Did not withhold or remit Ohio Public Employees Retirement System deductions.	N/A	Finding No Longer Valid -No paid employees or officials during audit period.

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2020-026	26 CFR sections 1.6041-1 and 1.6041-2 – Did not issue W2 forms.	N/A	Finding No Longer Valid -No paid employees or officials during audit period.
2020-027	Did not maintain payroll master files.	N/A	Finding No Longer Valid -No paid employees or officials during audit period.
2020-028	Internal control weaknesses in sewer receipts cycle.	No	Not Corrected – Reissued as Finding Number 2022-017
2020-029	ORC §9.38 – Did not timely deposit receipts.	No	Not Corrected – Reissued as Finding Number 2022-018
2020-030	Supporting documentation not provided.	Yes	

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 3/21/2024

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