



**ROME TOWNSHIP
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Rome Township, Ashtabula County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 7, 2000

**ROME TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$24,420	\$68,595	\$68,093			\$161,108
Intergovernmental	32,913	81,105				114,018
Licenses, Permits, and Fees	1,637	1,850				3,487
Special Assessments				\$1,799		1,799
Earnings on Investments	2,544	432			\$8	2,984
Other Revenue	950	22,321				23,271
Total Cash Receipts	62,464	174,303	68,093	1,799	8	306,667
Cash Disbursements:						
Current:						
General Government	28,663					28,663
Public Safety		31,137				31,137
Public Works	2,087	89,404		1,712		93,203
Health	8,657	1,100				9,757
Conservation - Recreation	2,216					2,216
Debt Service:						
Redemption of Principal			60,100			60,100
Interest and Fiscal Charges			9,676			9,676
Capital Outlay	700	7,720				8,420
Total Cash Disbursements	42,323	129,361	69,776	1,712		243,172
Total Receipts Over/(Under) Disbursements	20,141	44,942	(1,683)	87	8	63,495
Fund Cash Balances, January 1	20,694	64,436	3,066	770	151	89,117
Fund Cash Balances, December 31	\$40,835	\$109,378	\$1,383	\$857	\$159	\$152,612
Reserve for Encumbrances, December 31	\$375	\$2,005				\$2,380

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

**ROME TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 NONEXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investment	\$101
Total Operating Cash Receipts	101
Operating Cash Disbursements:	
Contractual Services	
Total Operating Cash Disbursements	
Excess of Operating Receipts Over/(Under) Operating Disbursements	101
Fund Cash Balances, January 1	2,020
Fund Cash Balances, December 31	\$2,121

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

ROME TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types				Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$22,049	\$61,644	\$71,525			\$155,218
Intergovernmental	22,955	76,215				99,170
Licenses, Permits, and Fees	2,105	1,550				3,655
Special Assessments				\$773		773
Earnings on Investments	2,208	349		279		2,836
Other Revenue	1,826	34,145				35,971
Total Cash Receipts	51,143	173,903	71,525	1,052		297,623
Cash Disbursements:						
Current:						
General Government	33,587					33,587
Public Safety		28,240		4		28,244
Public Works	3,566	74,201				77,767
Health	7,534	1,257				8,791
Conservation - Recreation	1,664					1,664
Debt Service:						
Redemption of Principal			60,100			60,100
Interest and Fiscal Charges			8,359			8,359
Capital Outlay	11,100	285,051		59,489		355,640
Total Cash Disbursements	57,451	388,749	68,459	59,493		574,152
Total Receipts Over/(Under) Disbursements	(6,308)	(214,846)	3,066	(58,441)		(276,529)
Other Financing Receipts/(Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Notes		230,000				230,000
Other Sources	3,487					3,487
Total Other Financing Receipts/(Disbursements)	3,487	230,000				233,487
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,821)	15,154	3,066	(58,441)		(43,042)
Fund Cash Balances, January 1	23,515	49,283		59,211	151	132,160
Fund Cash Balances, December 31	\$20,694	\$64,437	\$3,066	\$770	\$151	\$89,118
Reserve for Encumbrances, December 31	\$150	\$7,485				\$7,635

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

**ROME TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 NONEXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$2
Total Operating Cash Receipts	2
Operating Cash Disbursements:	
Contractual Services	
Total Operating Cash Disbursements	
Excess of Operating Receipts Over/(Under) Operating Disbursements	2
Fund Cash Balances, January 1	2,018
Fund Cash Balances, December 31	\$2,020

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

**ROME TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Rome Township, Ashtabula County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Rome Volunteer Fire Department and South Central Ambulance Service to provide fire and ambulance services, respectively.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township maintained a general operating (NOW) account and invested in STAR Ohio during the audit period.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

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

ROME TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

Fire Levy Fund - This fund receives property tax money for maintaining/purchasing equipment and covering costs for providing emergency fire services.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received grants from the State of Ohio for the Mill and Knapp Roads improvement projects.

4. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township used a Debt Service Fund to repay a backhoe, fire truck and tractor notes.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had one expendable trust fund and two nonexpendable trust funds.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**ROME TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$146,046	\$82,872
STAR Ohio	6,407	6,094
Cemetery Bequests	<u>2,280</u>	<u>2,172</u>
Total investments	<u>8,687</u>	<u>8,266</u>
Total deposits and investments	<u><u>\$154,733</u></u>	<u><u>\$91,138</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Bequest funds are maintained in a pass book savings account in the name of the Township on behalf of the payee.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,700	\$62,464	\$5,764
Special Revenue	214,500	174,303	(40,197)
Debt Service	71,000	68,093	(2,907)
Capital Projects	1,000	1,799	799
Expendable Trust	5	8	3
Non-Expendable Trust	<u>45</u>	<u>101</u>	<u>56</u>
Total	<u><u>\$343,250</u></u>	<u><u>\$306,768</u></u>	<u><u>(\$36,482)</u></u>

**ROME TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,576	\$42,698	\$31,878
Special Revenue	209,118	131,366	77,752
Debt Service	74,065	69,776	4,289
Capital Projects	1,755	1,712	43
Expendable Trust	0	0	0
Non-Expendable Trust	0	0	0
Total	<u>\$359,514</u>	<u>\$245,552</u>	<u>\$113,962</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,987	\$54,630	\$7,643
Special Revenue	453,005	403,903	(49,102)
Debt Service	77,275	71,525	(5,750)
Capital Projects	1,900	1,052	(848)
Expendable Trust	6	0	(6)
Non-Expendable Trust	42	2	(40)
Total	<u>\$579,215</u>	<u>\$531,112</u>	<u>(\$48,103)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,815	\$57,600	\$9,215
Special Revenue	426,857	396,234	30,623
Debt Service	77,275	68,459	8,816
Capital Projects	61,110	59,493	1,617
Expendable Trust	0	0	0
Non-Expendable Trust	0	0	0
Total	<u>\$632,057</u>	<u>\$581,786</u>	<u>\$50,271</u>

4. PROPERTY TAX

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

**ROME TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (Continued)

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

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

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$124,800	5.00%
	\$15,000	5.75%
	\$17,900	5.75%

The general obligation notes were issued to finance the purchase of a (1) Fire Truck; (2) Backhoe; and (3) Tractor with a Boom Mower.

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

Year ending December 31:	General Obligation Notes
2000	\$70,227
2001	63,187
2002	53,976
Total	\$187,390

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited the accompanying financial statements of Rome Township, Ashtabula County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 7, 2000.

Rome Township Board of Trustees
Ashtabula County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 7, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ROME TOWNSHIP

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 27, 2000**