



Dave Yost • Auditor of State

**ROME TOWNSHIP
ATHENS COUNTY**

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Dave Yost • Auditor of State

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

To the Board of Trustees:

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 12, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Rome Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and of Rome Township, Athens County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

July 12, 2011

**ROME TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 37,384	\$ 213,282	\$	\$ 250,666
Intergovernmental	21,589	135,963		157,552
Earnings on Investments	55	223	10	288
Miscellaneous	724	2,023		2,747
				<hr/>
Total Cash Receipts	<u>59,752</u>	<u>351,491</u>	<u>10</u>	<u>411,253</u>
Cash Disbursements:				
Current:				
General Government	63,541	11,055		74,596
Public Safety		2,884		2,884
Public Works	4,559	114,146		118,705
Health		26,161		26,161
Capital Outlay		31,272		31,272
Debt Service:				
Redemption of Principal		52,312		52,312
Interest and Other Fiscal Charges		5,664		5,664
				<hr/>
Total Cash Disbursements	<u>68,100</u>	<u>243,494</u>	<u>0</u>	<u>311,594</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(8,348)	107,997	10	99,659
Fund Cash Balances, January 1	<u>17,886</u>	<u>120,086</u>	<u>833</u>	<u>138,805</u>
Fund Cash Balances, December 31	<u>\$ 9,538</u>	<u>\$ 228,083</u>	<u>\$ 843</u>	<u>\$ 238,464</u>

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

**ROME TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 36,283	\$ 190,402	\$	\$ 226,685
Intergovernmental	33,143	144,944		178,087
Earnings on Investments	61	245	5	311
Miscellaneous	13,114	2,567		15,681
	<u>82,601</u>	<u>338,158</u>	<u>5</u>	<u>420,764</u>
Cash Disbursements:				
Current:				
General Government	57,481	8,324		65,805
Public Safety		3,825		3,825
Public Works	7,111	177,551		184,662
Health		28,064		28,064
Human Services		3,100		3,100
Capital Outlay	12,980	204,846		217,826
Debt Service:				
Redemption of Principal		29,411		29,411
Interest and Other Fiscal Charges		3,142		3,142
	<u>77,572</u>	<u>458,263</u>	<u>0</u>	<u>535,835</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>5,029</u>	<u>(120,105)</u>	<u>5</u>	<u>(115,071)</u>
Other Financing Receipts / (Disbursements):				
Other Debt Proceeds		126,372		126,372
	<u>0</u>	<u>126,372</u>	<u>0</u>	<u>126,372</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	5,029	6,267	5	11,301
Fund Cash Balances, January 1	<u>12,857</u>	<u>113,819</u>	<u>828</u>	<u>127,504</u>
Fund Cash Balances, December 31	<u>\$ 17,886</u>	<u>\$ 120,086</u>	<u>\$ 833</u>	<u>\$ 138,805</u>

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

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

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

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

B. Accounting Basis

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

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

C. Deposits

The Fiscal Officer of the Township invests all available funds of the Township in an interest bearing checking account. Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Equity in Pooled Deposits

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

	2010	2009
Demand deposits	\$237,865	\$138,205
Certificates of deposit	600	600
Total deposits	\$238,465	\$138,805

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,111	\$59,752	(\$6,359)
Special Revenue	394,328	351,491	(42,837)
Permanent	20	10	(10)
Total	\$460,459	\$411,253	(\$49,206)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,852	\$68,100	\$16,752
Special Revenue	513,560	243,494	270,066
Permanent	0	0	0
Total	\$598,412	\$311,594	\$286,818

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,045	\$82,601	(\$23,444)
Special Revenue	370,375	464,530	94,155
Permanent	20	5	(15)
Total	\$476,440	\$547,136	\$70,696

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,262	\$77,572	\$21,690
Special Revenue	480,553	458,263	22,290
Permanent	0	0	0
Total	\$579,815	\$535,835	\$43,980

Contrary to Ohio law, budgetary appropriations exceeded actual resources in the General Fund by \$6,358, the Motor Vehicle License Fund by \$2,863, the Gasoline Tax Fund by \$14,357, the Road and Bridge Fund by \$1,465, the Cemetery Fund by \$1,170, Fire Truck Fund by \$7,203, the Fire Levy Fund by \$9,058, the Road Maintenance Fund by \$5,787, and the Permissive Motor Vehicle License Fund by \$933 for the year ended December 31, 2010 and in the General Fund by \$9,331, the Motor Vehicle License Fund by \$3,830, the Cemetery Fund by \$2,112, the Fire Levy Fund by \$2,850, the Road Maintenance Fund by \$5,098, and the Permissive Motor Vehicle License Fund by \$1,079 for the year ended December 31, 2009.

4. Property Tax

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

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

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

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

5. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
General Obligation Notes - Grader	\$14,811	3.85%
General Obligation Notes - Fire Truck Chassis	44,761	3.00%
General Obligation Notes - Fire Truck	102,112	2.05%
Total	\$161,684	

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Debt (Continued)

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

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

The Fire Truck General Obligation Note was for the purchase of a Fire Truck. The original note payable was for \$126,372. The full faith and credit of the Township has been pledged to repay the debt.

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

Year ending December 31:	General Obligation Note Grader	General Obligation Note Fire Truck Chassis	General Obligation Note Fire Truck
2011	\$15,300	\$15,825	\$26,851
2012	84	15,825	26,851
2013		15,823	26,851
2014			26,846
Total	<u>\$15,384</u>	<u>\$47,473</u>	<u>\$107,399</u>

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA.

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (Continued)

OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

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

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$10,100	\$8,438

**ROME TOWNSHIP
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of Rome Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 12, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-003 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2010-001 through 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 12, 2011.

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

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



Dave Yost
Auditor of State

July 12, 2011

**ROME TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Noncompliance Citation

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Section 133.22 allows a subdivision to issue anticipatory securities, Section 133.10 allows anticipation securities in anticipation of current property tax revenues, Section 133.15(A) allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and Section 133.18(A) allows the taxing authority of subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2009, the Township signed a promissory note with the Hocking Valley Bank for \$126,372 for the purchase of a fire truck. This type of debt does not meet the criteria for any of the debt allowed under Ohio Revised Code Chapter 133.

We recommend the Township contact their legal counsel before incurring future debt to ensure allowable methods are used.

FINDING NUMBER 2010-002

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

We noted appropriations were greater than actual resources in 2009 as follows:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
General	\$89,931	\$99,262	(\$9,331)
Motor Vehicle License Tax	30,285	34,115	(3,830)
Cemetery	43,963	46,075	(2,112)
Fire Levy	41,588	44,438	(2,850)
Road Maintenance	70,425	75,523	(5,098)
Permissive Motor Vehicle License Tax	6,575	7,654	(1,079)

**ROME TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-002 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.36(A)(4) (Continued)

We noted appropriations were greater than actual resources in 2010 as follows:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
General	\$78,494	\$84,852	(\$6,358)
Motor Vehicle License Tax	29,576	32,439	(2,863)
Gasoline Tax	103,198	117,555	(14,357)
Road and Bridge	53,364	54,829	(1,465)
Cemetery	52,636	53,806	(1,170)
Fire Truck	121,528	128,731	(7,203)
Fire Levy	40,069	49,127	(9,058)
Road Maintenance	63,270	69,057	(5,787)
Permissive Motor Vehicle License Tax	7,082	8,015	(933)

This could cause the Township to spend more money than is available to spend.

We recommend the Township monitor estimated and actual revenues for all funds on a regular basis. In the situation where appropriations exceed actual resource, the Township should adjust appropriations accordingly.

FINDING NUMBER 2010-003

Material Weakness

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

As a result of the audit procedures performed, we noted the following errors in the financial statements that required audit adjustments or reclassifications in 2009:

- The Fiscal Officer did not post proceeds of debt and the related capital outlay in the Fire Truck Fund for \$126,372.
- The Fiscal Officer improperly classified the down payment on the fire truck as Debt Payments rather than Capital Outlay for \$40,000.

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

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

**ROME TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2010-003 (Continued)

Material Weakness (Continued)

Officials' Response: We are now aware of these requirements and will make an effort to correct this in the future.

**ROME TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Rev. Code Section 5549.21 for competitive bidding.	Yes	
2008-002	Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	Yes	
2008-003	Material Weakness for estimated receipts not agreeing to the accounting system.	No	Partially Corrected; Re-issued in the current Management Letter.
2008-004	Material Weakness for material adjustments made to the financial statements.	No	Not Corrected; Re-issued in the current Schedule of Findings as 2010-003.



Dave Yost • Auditor of State

ROME TOWNSHIP

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 9, 2011