



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF ROME
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Rome
Adams County
P.O. Box 351
Stout, Ohio 45684

To the Village Council:

We have audited the accompanying financial statements of the Village of Rome, Adams County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village'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 Village 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 of the Village 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 May 11, 2000 on our consideration of the Village'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 the audit committee, management, and Village Council 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

May 11, 2000

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$4,519	\$0	\$4,519
Intergovernmental Receipts	2,634	2,283	4,917
Total Cash Receipts	7,153	2,283	9,436
Cash Disbursements:			
Current:			
Public Health Services	77	0	77
Transportation	0	776	776
General Government	2,407	0	2,407
Basic Utility Services	1,522	0	1,522
Total Disbursements	4,006	776	4,782
Total Receipts Over/(Under) Disbursements	3,147	1,507	4,654
Fund Cash Balances, January 1	(356)	6,233	5,877
Fund Cash Balances, December 31	\$2,791	\$7,740	\$10,531

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

**VILLAGE OF ROME
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$2,224	\$0	\$2,224
Intergovernmental Receipts	2,282	2,959	5,241
Miscellaneous	958	0	958
	5,464	2,959	8,423
Total Cash Receipts			
Cash Disbursements:			
Current:			
Public Health Services	68	0	68
Transportation	0	4,873	4,873
General Government	2,570	0	2,570
Basic Utility Services	1,746	0	1,746
	4,384	4,873	9,257
Total Disbursements	4,384	4,873	9,257
Total Receipts Over/(Under) Disbursements	1,080	(1,914)	(834)
Fund Cash Balances, January 1	(1,436)	8,147	6,711
Fund Cash Balances, December 31	(\$356)	\$6,233	\$5,877

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Rome, Adams County, Ohio (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services including road maintenance.

The Village's management believes these financial statements present all activities for which the Village 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 Deposits

The Village maintains all available funds in an non interest-bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash and deposits that are restricted as to use. The Village 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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for maintenance of the State Highway in the Village.

E. Budgetary Process

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. However, the Village did not have material outstanding commitments at December 31, 1999 and 1998.

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

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.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 10,531	\$ 5,877

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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	\$ 6,850	\$ 7,153	\$ 303
Special Revenue	3,788	2,283	(1,505)
Total	\$ 10,638	\$ 9,436	\$ (1,202)

VILLAGE OF ROME
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	\$ 6,477	\$ 4,006	\$ 2,471
Special Revenue	<u>2,250</u>	<u>776</u>	<u>1,474</u>
Total	<u>\$ 8,727</u>	<u>\$ 4,782</u>	<u>\$ 3,945</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,630	\$ 5,464	\$ 834
Special Revenue	<u>3,429</u>	<u>2,959</u>	<u>(470)</u>
Total	<u>\$ 8,059</u>	<u>\$ 8,423</u>	<u>\$ 364</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,667	\$ 4,384	\$ 1,283
Special Revenue	<u>1,950</u>	<u>4,873</u>	<u>(2,923)</u>
Total	<u>\$ 7,617</u>	<u>\$ 9,257</u>	<u>\$ (1,640)</u>

Ohio Rev. Code, Section 5705.39, prohibits appropriations exceeding estimated resources available for expenditure as certified by the county budget commission. Appropriations exceeded estimated resources in the General Fund by \$2,473 in 1998.

Ohio Rev. Code, Section 5705.41B, prohibits expenditures unless they are properly appropriated. Expenditures exceeded appropriations in the Street Fund by \$2,690 in 1998 and in the Highway Fund by \$233 in 1998.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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.

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

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 Village.

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

5. RETIREMENT SYSTEMS

Village officials are members of the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan which provides retirement benefits, including post-retirement 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 Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Village is uninsured for the following risks:

- Comprehensive property and general liability
- Errors and omissions

7. DEFICIT FUND BALANCE

The Village had a General Fund deficit fund balance as of December 31, 1998. This deficit was largely a result of expenditures for street lighting. The Village passed a tax levy in November 1998 which eliminated the deficit balance.



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

Village of Rome
Adams County
P.O. Box 351
Stout, Ohio 45684

To the Village Council:

We have audited the accompanying financial statements of the Village of Rome, Adams County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 11, 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 Village'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 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-30401-001 through 1999-30401-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 11, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 11, 2000.

This report is intended for the information and use of the management and Village Council 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

May 11, 2000

**VILLAGE OF ROME
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30401-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, prohibits appropriations exceeding estimated resources available for expenditure as certified by the county budget commission. Appropriations exceeded estimated resources in the General Fund by \$2,473 in 1998, contrary to this section. The Village should monitor appropriations versus estimated resources and make budgetary adjustments as needed.

FINDING NUMBER 1999-30401-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), prohibits expenditures unless properly appropriated. Expenditures exceeded appropriations in 1998 as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Variance</u>
Street	\$4,540	\$1,850	\$2,690
Highway	333	100	233

When the Village does not monitor appropriations and expenditures, this could result in the Village overextending its resources and/or committing the Village to obligations it does not have the ability to pay. Appropriations and expenditures should be monitored by Council monthly.

FINDING NUMBER 1999-30401-003

Noncompliance Citation

Ohio Rev. Code, Section 5705.10, provides that money paid into any fund shall be used only for the purpose for which it is established. The General Fund had a deficit fund balance of (\$356) at December 31, 1998. This deficit indicates resources of other funds were used to pay expenditures of the General Fund.

The Clerk and the Council should review its budgetary compliance and monitor fund cash balances to prevent deficit balances.

FINDING NUMBER 1999-30401-004

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D), provides that a subdivision or taxing unit shall not make any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment in payment of any amount due thereon.

**VILLAGE OF ROME
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 1999-30401-004
(Continued)**

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of previous encumbrances, the Council may authorize the issuance of a warrant in payment of amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate; and
2. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Council, if such expenditure is otherwise valid.

The Village did not issue purchase orders during 1998 and 1999. Purchase orders are required under Ohio Administrative Code, Section 117-5-13 and should be issued prior to the purchase of goods or services. Additionally, this purchase order should be properly encumbered and posted in the Village's appropriation ledger.



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VILLAGE OF ROME

ADAMS 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 6, 2000**