



**VILLAGE OF POMEROY  
MEIGS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF POMEROY  
MEIGS COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Pomeroy  
Meigs County  
320 E. Main Street  
Pomeroy, Ohio 45769

To the Village Council:

We have audited the accompanying financial statements of the Village of Pomeroy, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. 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 auditing standards generally accepted in the United States of America 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.

As described in Note 12, the Village reclassified certain funds effective January 1, 2000.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Pomeroy, Meigs County, as of December 31, 2001 and 2000, 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 March 23, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the 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.

**Jim Petro**  
Auditor of State

March 23, 2002

VILLAGE OF POMEROY  
MEIGS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$367,897	\$86,508	\$454,405
Intergovernmental Receipts	98,799	169,762	268,561
Charges for Services	17,332	17,456	34,788
Fines, Licenses, and Permits	143,224	16,754	159,978
Earnings on Investments	4,948	221	5,169
Miscellaneous	28,468	15,823	44,291
	<u>660,668</u>	<u>306,524</u>	<u>967,192</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	358,003	91,359	449,362
Public Health Services		13,231	13,231
Leisure Time Activities		3,777	3,777
Basic Utility Services	7,535	23,439	30,974
Transportation		182,725	182,725
General Government	160,155		160,155
Debt Service:			
Principal Payments	8,095	20,549	28,644
Interest Payments	4,120	5,452	9,572
Capital Outlay		86,577	86,577
	<u>537,908</u>	<u>427,109</u>	<u>965,017</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>122,760</u>	<u>(120,585)</u>	<u>2,175</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds of Notes	6,500		6,500
Transfers-In		134,000	134,000
Advances-In	2,800	2,800	5,600
Transfers-Out	(134,000)		(134,000)
Advance-Out	(2,800)	(2,800)	(5,600)
Other Financing Sources	12,000		12,000
	<u>(115,500)</u>	<u>134,000</u>	<u>18,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,260	13,415	20,675
Fund Cash Balances, January 1	<u>49,985</u>	<u>81,370</u>	<u>131,355</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$57,245</u></b>	<b><u>\$94,785</u></b>	<b><u>\$152,030</u></b>

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

VILLAGE OF POMEROY  
MEIGS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$406,686	\$	\$	\$406,686
Interest		2,733		2,733
Total Operating Cash Receipts	406,686	2,733	0	409,419
<b>Operating Cash Disbursements:</b>				
Personal Services	132,746			132,746
Fringe Benefits	38,233			38,233
Contractual Services	200,404			200,404
Supplies and Materials	169,498			169,498
Miscellaneous	6,982			6,982
Total Operating Cash Disbursements	547,863	0	0	547,863
Operating Income/(Loss)	(141,177)	2,733	0	(138,444)
<b>Non-Operating Cash Receipts:</b>				
Intergovernmental Receipts	97,124			97,124
Proceeds from Notes	114,024			114,024
Other Non-Operating Cash Receipts			173,324	173,324
Total Non-Operating Cash Receipts	211,148	0	173,324	384,472
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	66,586			66,586
Other Non-Operating Cash Disbursements			177,955	177,955
Total Non-Operating Cash Disbursements	66,586	0	177,955	244,541
Net Receipts Over/(Under) Disbursements	3,385	2,733	(4,631)	1,487
Fund Cash Balances, January 1	68,425	47,699	11,799	127,923
<b>Fund Cash Balances, December 31</b>	<b>\$71,810</b>	<b>\$50,432</b>	<b>\$7,168</b>	<b>\$129,410</b>

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



VILLAGE OF POMEROY  
MEIGS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$366,749	\$81,298	\$448,047
Intergovernmental Receipts	126,588	81,007	207,595
Charges for Services	16,467	15,581	32,048
Fines, Licenses, and Permits	93,644	10,846	104,490
Earnings on Investments	6,903	43	6,946
Miscellaneous	34,687	14,176	48,863
	<u>645,038</u>	<u>202,951</u>	<u>847,989</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	332,846	131,637	464,483
Public Health Services		11,176	11,176
Leisure Time Activities		9,117	9,117
Basic Utility Services	6,282	16,812	23,094
Transportation		176,861	176,861
General Government	135,091		135,091
Debt Service:			
Principal Payments	7,808	19,452	27,260
Interest Payments	4,587	6,560	11,147
Capital Outlay	11,830		11,830
	<u>498,444</u>	<u>371,615</u>	<u>870,059</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>146,594</u>	<u>(168,664)</u>	<u>(22,070)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		133,000	133,000
Transfers-Out	<u>(133,000)</u>		<u>(133,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(133,000)</u>	<u>133,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,594	(35,664)	(22,070)
Fund Cash Balances, January 1	<u>36,391</u>	<u>117,034</u>	<u>153,425</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$49,985</b></u>	<u><b>\$81,370</b></u>	<u><b>\$131,355</b></u>
Reserves for Encumbrances, December 31	<u>\$1,610</u>	<u>\$8,474</u>	<u>\$10,084</u>

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

VILLAGE OF POMEROY  
MEIGS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$401,366	\$	\$	\$401,366
Interest		2,430		2,430
Miscellaneous	67,027			67,027
Total Operating Cash Receipts	468,393	2,430	0	470,823
<b>Operating Cash Disbursements:</b>				
Personal Services	170,744			170,744
Supplies and Materials	228,951			228,951
Capital Outlay	296,361			296,361
Total Operating Cash Disbursements	696,056	0	0	696,056
Operating Income/(Loss)	(227,663)	2,430	0	(225,233)
<b>Non-Operating Cash Receipts:</b>				
Intergovernmental Receipts	104,997			104,997
Proceeds from Notes	105,960			105,960
Other Non-Operating Cash Receipts			123,160	123,160
Total Non-Operating Cash Receipts	210,957	0	123,160	334,117
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	41,515			41,515
Other Non-Operating Cash Disbursements	1,981		119,313	121,294
Total Non-Operating Cash Disbursements	43,496	0	119,313	162,809
Net Receipts Over/(Under) Disbursements	(60,202)	2,430	3,847	(53,925)
Fund Cash Balances, January 1	128,627	45,269	7,952	181,848
<b>Fund Cash Balances, December 31</b>	<b>\$68,425</b>	<b>\$47,699</b>	<b>\$11,799</b>	<b>\$127,923</b>
Reserve for Encumbrances, December 31	\$6,615	\$0	\$0	\$6,615

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

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Pomeroy, Meigs County (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 maintenance of roads, fire protection services, police services, water and sewer utilities, cemetery maintenance and park operations.

The Village's management believes these financial statements present all activities for which the Village is financially accountable except debt service funds maintained by outside custodians are not included in these financial statements. Assets held by custodians are described in Note 9 to the financial statements.

**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**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. U.S. Savings Bonds are carried at face value when donated.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments 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.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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.

*Fire Fund* - This fund receives tax money for fire protection.

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**4. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

*Cemetery Bequest Fund* - This Nonexpendable Trust Fund maintains the trust corpus and receives the interest income earned. The income is to be used for perpetual care of certain graves or cemeteries.

*Mayor's Court Fund* - This Agency Fund receives fines from police department citations. These monies are divided between the Village and the State, as prescribed by law.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. 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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investment 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:

	2001	2000
Demand deposits	\$ 194,664	\$ 167,871
Certificates of deposit	78,783	78,783
Mayor's Court demand account	7,168	11,799
Petty cash	325	325
Total deposits	280,940	258,778
Treasury bonds	500	500
Total investments	500	500
Total deposits and investments	\$281,440	\$259,278

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

**Investments:** U.S. Treasury Bonds are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

Fund Type	2001 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$653,893	\$681,968	\$28,075
Special Revenue	451,675	443,324	(8,351)
Enterprise	620,177	617,834	(2,343)
Nonexpendable Trust	0	2,733	2,733
Total	\$1,725,745	\$1,745,859	\$20,114

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$707,980	\$674,708	\$33,272
Special Revenue	531,129	429,909	101,220
Enterprise	816,942	614,449	202,493
Total	\$2,056,051	\$1,719,066	\$336,985

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$631,017	\$645,038	\$14,021
Special Revenue	333,342	335,951	2,609
Enterprise	857,600	679,350	(178,250)
Nonexpendable Trust	200	2,430	2,230
Total	\$1,822,159	\$1,662,769	(\$159,390)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$667,408	\$633,054	\$34,354
Special Revenue	450,377	380,089	70,288
Enterprise	986,227	746,167	240,060
Nonexpendable Trust	38,322	0	38,322
Total	\$2,142,334	\$1,759,310	\$383,024

**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.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Bonds - Water	\$145,000	5.25%
General Obligation Note - Building	24,000	5.00%
General Obligation Note - Property	33,796	Variable
General Obligation Note - Dump Truck	21,942	5.50%
General Obligation Note - Trucks	3,497	4.90%
General Obligation Note - Paving	63,285	5.75%
Ohio Public Works Commission Loan #1	167,805	2.00%
General Obligation Note - Tractor	7,841	4.62%
Ohio Public Works Commission Loan #2	80,000	2.00%
General Obligation Note - Police Cruiser	6,500	4.13%
General Obligation Note - Capital Projects	91,854	6.00%
Total	\$645,520	

The general obligation bonds were used to construct water wells. The bonds were for \$240,000 and will be repaid in annual installments of \$15,000-\$25,000, plus interest through 2007. The building note was for the purchase of property. This loan was for \$100,000 and will be repaid in annual installments of \$4,000, plus interest, through 2007. The property note was for the purchase of property. This loan was for \$62,272. Due to the variable interest rate which changes in March of each year, the monthly payments through March of 2002 are \$567. The dump truck note was for the purchase of a dump truck. This loan was for \$57,596 and will be repaid in monthly installments of \$1,100, including interest through 2003. The truck note was for the purchase of two trucks. This loan was for \$30,000 and will be repaid in monthly installments of \$898, including interest through 2002. The paving note was for paving of Pomeroy streets. This loan was for \$82,000 and will be repaid in monthly installments of \$1,068, including interest through 2007. The Ohio Public Works Commission loan #1 was for the sewer project. The total amount of the loan awarded was \$175,000. This loan will be repaid in semi-annual installments of \$5,330, including interest through 2021. The tractor note was for the purchase of a tractor. This loan was for \$9,024 and will be repaid in monthly installments of \$269, including interest through 2004.



**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. DEBT (Continued)**

The Ohio Public Works Commission loan #2 was for a water main replacement. The total amount of the loan awarded was \$80,000. The loan will be repaid in semi-annual installments of \$2,436, including interest through 2021. The police cruiser note was for the purchase of a police cruiser. The loan was for \$6,500 and will be repaid at maturity in 2002 in the amount of \$6,634. The capital projects note was for a sewer line extension, the drilling of a new well and water line replacement. This loan was approved in the amount of \$130,000. As of December 31, 2001, \$110,000 has been drawn down on this loan. The loan will be paid in monthly installments of \$1,4437, including interest through 2010. The scheduled payment below assumes the \$130,000 will be borrowed. The scheduled payment will be adjusted to reflect any revision in the amount actually borrowed.

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

Year ending December 31:	Water Bonds	Building Note	Property Note	Dump Truck Note	Truck Note	Paving Note
2002	\$27,613	\$5,200	\$6,801	\$13,202	\$3,591	\$12,812
2003	31,563	5,000	6,801	9,899	0	12,812
2004	30,250	4,800	6,801	0	0	12,812
2005	28,938	4,600	6,801	0	0	12,812
2006	27,625	4,400	6,801	0	0	12,812
2007 - 2011	26,313	4,200	8,501	0	0	10,676
2012 - 2016	0	0	0	0	0	0
2017 - 2021	0	0	0	0	0	0
Total	<u>\$172,302</u>	<u>\$28,200</u>	<u>\$42,506</u>	<u>\$23,101</u>	<u>\$3,591</u>	<u>\$74,736</u>

Year ending December 31:	Ohio Public Works #1	Tractor Note	Ohio Public Works #2	Police Cruiser Note	Capital Projects Note
2002	\$5,330	\$3,231	\$4,873	\$6,634	\$17,319
2003	10,659	3,231	4,873	0	17,319
2004	10,659	1,885	4,873	0	17,319
2005	10,659	0	4,873	0	17,319
2006	10,659	0	4,873	0	17,319
2007 - 2011	53,297	0	24,364	0	62,060
2012 - 2016	53,297	0	24,364	0	0
2017 - 2021	47,968	0	24,364	0	0
Total	<u>\$202,528</u>	<u>\$8,347</u>	<u>\$97,457</u>	<u>\$6,634</u>	<u>\$148,655</u>

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants gross salaries for January 1 through June 30, 2000, and for 2001. PERS temporarily reduced the employer rate to 8.13% July 1 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

The Village contracts with United Health Care of Ohio, Inc., for hospitalization and prescription insurance for all full-time employees. Dental care and eye care coverage is provided by the Village. Dental insurance is provided through Humana and vision insurance is provided through VSP. The Village pays 100 percent of the total monthly premiums.

**9. DEBT SERVICE TRUSTEED FUNDS**

The Water Bonds agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2001, the custodian held \$87,337 in Village assets. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

**10. CONTRACTS PAYABLE**

The Village has one outstanding contract with Greenland, Inc. for the East Main Street Water Line Replacement Project. The original contract was for \$223,362 plus change orders in the amount of \$27,689 for a total of \$251,051 with a remaining balance of \$27,135 as of December 31, 2001.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**11. CONTINGENT LIABILITIES**

The Village is defendant in a claim concerning an alleged breach of contract styled, Greenland, Inc. v. The Village of Pomeroy, as currently pending in the Meigs County Court of Common Pleas. This claim arose out of a water line project contracted between the parties. This claim seeks damages to the Plaintiff, Greenland, Inc., in excess of \$275,000. Because this is an alleged breach of contract claim, any settlement or jury award would have to be paid or otherwise satisfied, from Village assets, therefore, an adverse resolution to this matter could materially adversely affect the Village's financial condition. Although management believes that the resolution of this matter will not materially adversely affect the Village's financial condition, the outcome of this suit is not presently determinable.

Also, the Village is defendant in other various lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**12. RESTATEMENT OF FUND BALANCES**

The Police Pension Fund was reclassified from Expendable Trust Fund type to Special Revenue Fund type per change in accounting practice.

The Debt Service Fund balance was reclassified to the General fund. The corresponding debt activity was reported in the General Fund.

<u>Fund</u>	<u>Balance as of December 31, 1999</u>	<u>Changes to beginning fund balances</u>	<u>Beginning balance as of January 1, 2000</u>
General	\$30,019	\$6,372	\$36,391
Debt Service	6,372	(6,372)	0
Special Revenue	109,628	7,406	117,034
Expendable Trust	7,406	(7,406)	0

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Village of Pomeroy  
Meigs County  
320 E. Main Street  
Pomeroy, Ohio 45769

To the Village Council:

We have audited the accompanying financial statements of the Village of Pomeroy, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 23, 2002, wherein we noted the Village reclassified certain funds. 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 *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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-30753-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 23, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 2001-30753-002 through 2001-30753-003.

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. 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. However, we do not believe the reportable conditions described above are material weaknesses. We also 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 March 23, 2002.

Village of Pomeroy  
Meigs County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

March 23, 2002

**VILLAGE OF POMEROY  
MEIGS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2001-30753-001**

**Noncompliance Citation**

Village Ordinance #665, dated April 17, 2000, identified the need for a detailed fine schedule to be applied to all violations in the Village and set court costs at \$40 per case.

After Ordinance #665 was passed, the Police Department began charging court costs of only \$35 per case. This resulted in a total loss of revenue of approximately \$10,000 in General Fund receipts during 2000 and 2001.

We recommend the Police Department charge fines and court costs according to the legislatively approved fine schedules.

**FINDING NUMBER 2001-30753-002**

**Reportable Condition**

The Village should utilize the Village Handbook to determine proper posting of receipts and, after the installation of the Uniform Accounting Network System (UAN) in 2001, the Village should utilize the UAN chart of accounts as well. The Village did not properly classify all receipts such as refunds, intergovernmental receipts, rent receipts, donations and loan proceeds. Also, the Village did not properly classify all disbursements such as debt payments, capital improvements, interest and expenditures relating to street repairs. Several adjustments and reclassifications were necessary, and such adjustments/reclassifications are reflected in the accompanying financial statements. In addition, adjustments proposed during the prior audit of the Village's financial statements were not posted to the system. These adjustments were repeated and are also reflected in the accompanying financial statements.

We recommend the Village Clerk utilize the UAN chart of accounts as well as the Village Handbook to determine proper posting of receipts and post all audit adjustments to the UAN system.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2001-30753-003**

**Reportable Condition**

There were limited monitoring control procedures over the Village's Mayor's Court records. This resulted in discrepancies between the case files, docket, cash book and duplicate receipts. This could also allow other errors and/or irregularities to occur and remain undetected by management for an extended period of time.

We recommend the Village establish an internal control policy over the Mayor's Court records to ensure the integrity of the records. In developing internal control procedures for the Mayor's Court, the following objectives should be considered:

- All revenues due the Court are received;
- All receipts are promptly recorded in the books and deposited in bank accounts on a regular basis;
- The receipts are properly allocated to the correct accounts or funds;
- All disbursements are properly recorded;
- All disbursements are drawn for the correct amount and payee;
- All pertinent information related to the case from its inception to final judgement is recorded; and
- All records, such as the case file, docket, cashbook, etc., agree.

Some procedures to consider when establishing an internal control policy would be:

- Mail should be opened by an employee not involved in the receipting process;
- Duties of preparing receipts, posting receipts to the docket, preparing bank deposits, and posting the cashbook should be performed by different individuals (if possible);
- Timely bank reconciliations should be prepared monthly and reviewed by someone independent of the cash collection and recording function;
- Periodically, the docket should be reviewed. Those cases completed and unpaid should be investigated; and
- All disbursements should be properly inspected and authorized by management.

These procedures will help ensure that all tickets can be accounted for, processed correctly, and reduce the possibility of irregularities occurring and remaining undetected for an extended period of time.



**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30753-001	The Village did not have the required internal control policy and did not submit the required report to the Attorney General as per Ohio Rev. Code Section 2933.41	No	Partially Corrected, The Village did not have the required internal control policy during 2000 and 2001, however, it was approved at the start of 2002. In addition, the Village did not submit the required report to the Attorney General for 2000. The report for 2001 was completed in March 2002. This item has been reported to management of the Village again in a separate letter dated March 23, 2002.
1999-30753-002	Expenditures exceeded appropriation contrary to Ohio Rev. Code Section 5705.41 (B)	Yes	Corrected
1999-30753-003	There were instances in which the dates on the invoices preceded the dates on the purchase orders. The Village Clerk also did not record purchase orders in the appropriation ledger until payment was made which results in no tracking of encumbrances. Therefore, the Village was not actually encumbering funds as required by Ohio Rev. Code Section 5705.41 (D)	Yes	Corrected





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF POMEROY**

**MEIGS 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  
MAY 9, 2002**