

**VILLAGE OF POMEROY
MEIGS COUNTY
Regular Audit
December 31, 2009 and 2008**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Pomeroy
320 East Main Street
PO Box 666
Pomeroy, OH 45769-0666

We have reviewed the *Independent Accountants' Report* of the Village of Pomeroy, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Pomeroy is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 27, 2010

**VILLAGE OF POMEROY
MEIGS COUNTY**

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

April 26, 2010

Village of Pomeroy
Meigs County
320 East Main Street
Pomeroy, OH 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, 2009 and 2008. 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 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village 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 Village's larger (i.e. major) funds separately. While the Village 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 the State permits, but does not require Villages to reformat their statements. The Village 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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008 or their changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Pomeroy, Meigs County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 April 26, 2010, 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 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**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, 2009**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent</u> | |
| Cash Receipts: | | | | |
| Property Tax and Other Local Taxes | \$ 52,390 | \$ 89,253 | \$ - | \$ 141,643 |
| Municipal Income Taxes | 345,901 | - | - | 345,901 |
| Intergovernmental | 243,710 | 719,724 | 8,580 | 972,014 |
| Charges for Services | 45,927 | 15,371 | - | 61,298 |
| Fines, Licenses, and Permits | 215,788 | 10,038 | - | 225,826 |
| Earnings on Investments | 1,640 | 26 | 1,078 | 2,744 |
| Miscellaneous | 10,259 | 3,763 | - | 14,022 |
| | <u>915,615</u> | <u>838,175</u> | <u>9,658</u> | <u>1,763,448</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Security of Persons and Property | 492,577 | 112,243 | - | 604,820 |
| Public Health Services | - | 19,292 | - | 19,292 |
| Leisure Time Activities | - | 1,216 | - | 1,216 |
| Basic Utility Services | 11,862 | 206,671 | - | 218,533 |
| Transportation | 19,579 | 183,861 | - | 203,440 |
| General Government | 193,712 | 7,368 | - | 201,080 |
| Debt Service: | | | | |
| Redemption of Principal | 18,415 | 44,845 | - | 63,260 |
| Interest and Fiscal Charges | 5,934 | 7,471 | - | 13,405 |
| Capital Outlay | 540,394 | 358,862 | - | 899,256 |
| | <u>1,282,473</u> | <u>941,829</u> | <u>-</u> | <u>2,224,302</u> |
| Total Cash Disbursements | | | | |
| Total Cash Receipts Over/(Under) Disbursements | <u>(366,858)</u> | <u>(103,654)</u> | <u>9,658</u> | <u>(460,854)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Note Proceeds | 540,394 | - | - | 540,394 |
| Transfer-In | - | 100,000 | - | 100,000 |
| Transfer-Out | (100,000) | - | - | (100,000) |
| | <u>440,394</u> | <u>100,000</u> | <u>-</u> | <u>540,394</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 73,536 | (3,654) | 9,658 | 79,540 |
| Fund Cash Balances, January 1 | <u>68,963</u> | <u>119,777</u> | <u>36,698</u> | <u>225,438</u> |
| Fund Cash Balances, December 31 | <u>\$ 142,499</u> | <u>\$ 116,123</u> | <u>\$ 46,356</u> | <u>\$ 304,978</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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | <u>Proprietary Fund Type</u> | <u>Fuduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|---|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 514,320 | \$ - | \$ 514,320 |
| Total Operating Cash Receipts | <u>514,320</u> | <u>-</u> | <u>514,320</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 174,088 | - | 174,088 |
| Fringe Benefits | 58,445 | - | 58,445 |
| Contractual Services | 78,045 | - | 78,045 |
| Supplies and Materials | 234,757 | - | 234,757 |
| Other | 7,400 | - | 7,400 |
| Total Operating Cash Disbursements | <u>552,735</u> | <u>-</u> | <u>552,735</u> |
| Operating Income (Loss) | <u>(38,415)</u> | <u>-</u> | <u>(38,415)</u> |
| Non-Operating Cash Receipts/Disbursements: | | | |
| Note Proceeds | 20,000 | - | 20,000 |
| Miscellaneous | 4,303 | 11 | 4,314 |
| Capital Outlay | (20,000) | - | (20,000) |
| Other Non-Operating Cash Receipts | - | 229,060 | 229,060 |
| Other Non-Operating Cash Disbursements | - | (229,060) | (229,060) |
| Redemption of Principal | (59,461) | - | (59,461) |
| Interest and Other Fiscal Charges | (20,349) | - | (20,349) |
| Total Non-Operating Cash Receipts/Disbursements | <u>(75,507)</u> | <u>11</u> | <u>(75,496)</u> |
| Net Receipts Over/(Under) Cash Disbursements | (113,922) | 11 | (113,911) |
| Fund Cash Balances, January 1 | <u>224,267</u> | <u>1,414</u> | <u>225,681</u> |
| Fund Cash Balances, December 31 | <u>\$ 110,345</u> | <u>\$ 1,425</u> | <u>\$ 111,770</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 GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent</u> | |
| Cash Receipts: | | | | |
| Property Tax and Other Local Taxes | \$ 55,289 | \$ 94,379 | \$ - | \$ 149,668 |
| Municipal Income Taxes | 353,521 | - | - | 353,521 |
| Intergovernmental | 91,454 | 251,048 | - | 342,502 |
| Charges for Services | 38,508 | 12,853 | - | 51,361 |
| Fines, Licenses, and Permits | 166,652 | 8,503 | - | 175,155 |
| Earnings on Investments | 2,480 | 44 | 2,087 | 4,611 |
| Miscellaneous | 4,622 | 4,627 | - | 9,249 |
| | <u>712,526</u> | <u>371,454</u> | <u>2,087</u> | <u>1,086,067</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Security of Persons and Property | 474,665 | 108,829 | - | 583,494 |
| Public Health Services | - | 27,170 | 13,500 | 40,670 |
| Leisure Time Activities | - | 1,073 | - | 1,073 |
| Basic Utility Services | 10,664 | 17,002 | - | 27,666 |
| Transportation | 19,577 | 180,109 | - | 199,686 |
| General Government | 165,632 | 1,168 | - | 166,800 |
| Debt Service: | | | | |
| Redemption of Principal | 10,561 | 41,387 | - | 51,948 |
| Interest and Fiscal Charges | 2,062 | 10,232 | - | 12,294 |
| Capital Outlay | 42,393 | 82,875 | 10,938 | 136,206 |
| | <u>725,554</u> | <u>469,845</u> | <u>24,438</u> | <u>1,219,837</u> |
| Total Cash Disbursements | | | | |
| Total Cash Receipts Over/(Under) Disbursements | <u>(13,028)</u> | <u>(98,391)</u> | <u>(22,351)</u> | <u>(133,770)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Note Proceeds | 40,000 | - | - | 40,000 |
| Transfer-In | - | 87,500 | - | 87,500 |
| Transfer-Out | (87,500) | - | - | (87,500) |
| | <u>(47,500)</u> | <u>87,500</u> | <u>-</u> | <u>40,000</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (60,528) | (10,891) | (22,351) | (93,770) |
| Fund Cash Balances, January 1 | <u>129,491</u> | <u>130,668</u> | <u>59,049</u> | <u>319,208</u> |
| Fund Cash Balances, December 31 | <u>\$ 68,963</u> | <u>\$ 119,777</u> | <u>\$ 36,698</u> | <u>\$ 225,438</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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>Proprietary Fund Type</u> | <u>Fuduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|---|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 504,585 | \$ - | \$ 504,585 |
| Total Operating Cash Receipts | <u>504,585</u> | <u>-</u> | <u>504,585</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 133,162 | - | 133,162 |
| Fringe Benefits | 51,472 | - | 51,472 |
| Contractual Services | 270,605 | - | 270,605 |
| Supplies and Materials | 220,533 | - | 220,533 |
| Other | 7,956 | - | 7,956 |
| Total Operating Cash Disbursements | <u>683,728</u> | <u>-</u> | <u>683,728</u> |
| Operating Income (Loss) | <u>(179,143)</u> | <u>-</u> | <u>(179,143)</u> |
| Non-Operating Cash Receipts/Disbursements: | | | |
| Note Proceeds | 339,750 | - | 339,750 |
| Miscellaneous | 11,356 | 27 | 11,383 |
| Capital Outlay | (100,000) | - | (100,000) |
| Other Non-Operating Cash Receipts | - | 192,968 | 192,968 |
| Other Non-Operating Cash Disbursements | - | (192,968) | (192,968) |
| Redemption of Principal | (57,026) | - | (57,026) |
| Interest and Other Fiscal Charges | (19,344) | - | (19,344) |
| Total Non-Operating Cash Receipts/Disbursements | <u>174,736</u> | <u>27</u> | <u>174,763</u> |
| Net Receipts Over/(Under) Cash Disbursements | (4,407) | 27 | (4,380) |
| Fund Cash Balances, January 1 | <u>228,674</u> | <u>1,387</u> | <u>230,061</u> |
| Fund Cash Balances, December 31 | <u>\$ 224,267</u> | <u>\$ 1,414</u> | <u>\$ 225,681</u> |

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 the Village of Pomeroy, Meigs County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. 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.

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. Deposits 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 deposits 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 FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 received 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. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant Permanent Fund:

Cemetery Bequest Fund – This Nonexpendable Trust Fund maintains the trust corpus and receives the interest income earned.

4. 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.

5. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

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 FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 object level of control, and appropriations may not exceed estimated resources. Village 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 canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

The Village 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. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

| | 2009 | 2008 |
|--------------------------------|-------------|-------------|
| Demand deposits | \$345,640 | \$380,011 |
| Certificates of deposit | 70,283 | 70,283 |
| Petty cash | 325 | 325 |
| Total deposits | 416,248 | 450,619 |
| | | |
| Treasury bonds | 500 | 500 |
| Total investments | 500 | 500 |
| Total deposits and investments | \$416,748 | \$451,119 |

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or 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, 2009 and 2008 follows:

| 2009 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,449,102 | \$ 1,456,009 | \$ 6,907 |
| Special Revenue | 938,025 | 938,175 | 150 |
| Permanent | 3,400 | 9,658 | 6,258 |
| Enterprise | 538,623 | 538,623 | - |
| Total | \$ 2,929,150 | \$ 2,942,465 | \$ 13,315 |

| 2009 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 1,476,590 | \$ 1,382,473 | \$ 94,117 |
| Special Revenue | 1,096,058 | 941,829 | 154,229 |
| Permanent | 3,400 | - | 3,400 |
| Enterprise | 758,892 | 652,545 | 106,347 |
| Total | \$ 3,334,940 | \$ 2,976,847 | \$ 358,093 |

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 2008 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 700,075 | \$ 752,526 | \$ 52,451 |
| Special Revenue | 403,131 | 458,954 | 55,823 |
| Permanent | 3,725 | 2,087 | (1,638) |
| Enterprise | 759,575 | 855,691 | 96,116 |
| Total | \$ 1,866,506 | \$ 2,069,258 | \$ 202,752 |

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 829,566 | \$ 813,054 | \$ 16,512 |
| Special Revenue | 531,969 | 469,845 | 62,124 |
| Permanent | 24,439 | 24,438 | 1 |
| Enterprise | 985,587 | 860,098 | 125,489 |
| Total | \$ 2,371,561 | \$ 2,167,435 | \$ 204,126 |

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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 payments, 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 POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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, 2009 was as follows:

| | <u>Principal</u> | <u>Interest</u> |
|---|---------------------|-----------------|
| General Obligation Note - Paver | \$ 29,288 | 4.70% |
| General Obligation Note - Backhoe | 25,648 | 4.85% |
| General Obligation Note - Walk Path Project | 25,942 | 4.75% |
| General Obligation Note - Tanker Truck | 20,620 | 4.57% |
| Ohio Public Works Commision - Sewer Project | 104,784 | 2.00% |
| Ohio Public Works Commision - Water Project | 51,758 | 2.00% |
| Ohio Public Works Commision - Waterline Replacement | 227,763 | 0.00% |
| Ohio Water Development Authority - Water Plant | 545,209 | 2.00% |
| Lease - Pumper Truck | 102,085 | 3.82% |
| General Obligation Note - Sewer Project | 107,770 | 3.46% |
| General Obligation Note - Paving Project | 32,673 | 4.15% |
| General Obligation Note - Building | 540,394 | 4.10% |
| | <u>\$ 1,813,934</u> | |

The Capital Projects note was for a sewer line extension, the drilling of a new well and water line replacement. The note was approved in the amount of \$130,000. The loan will be repaid in monthly installments of \$1,449, including interest through 2008. This loan was paid off in 2008.

The Paver note was issued in 2005 for paving various Village streets. The note was for \$58,000 and will be repaid in monthly installments of \$728, including interest through 2013.

The Backhoe note was for the purchase of a new backhoe in 2008. This note was for \$62,112 and will be repaid in monthly installments of \$1,170, including interest through 2011.

The Walk Path Project note was for construction of the walk path along the Ohio River. This loan was for \$100,000 and will be repaid in monthly installments of \$1,052, including interest through 2012.

The Tanker Truck note was for the purchase of a new tanker truck in 2007. This note was for \$39,022 and will be repaid in monthly installments of \$730, including interest through 2012.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. DEBT (Continued)

The Ohio Public Works Commission Sewer Project Loan was for a new 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 Ohio Public Works Commission Water Project Loan was for a water main replacement. The total amount of the loan awarded was \$80,000. This loan will be repaid in semi-annual installments of \$2,436, including interest through 2021.

The Ohio Public Works Commission Waterline Replacement Loan was for a waterline replacement. The total amount of the loan awarded was \$239,750. This loan will be repaid in semi-annual installments of \$3,996, including interest through 2038.

The Ohio Water Development Authority loan was for the construction of a new water treatment plant. The amount of the loan is \$633,897. The loan will be repaid in semi-annual installments of \$14,129, including interest through 2034.

The Village entered into a lease with Leasing 2 Inc, in 2003, for the purchase of a pumper truck to be used by the Village Fire Department. The original lease amount was \$300,000 for ten years, with an annual payment of \$36,561. The lease is secured solely by the pumper truck. At the end of the lease, the Village assumes ownership of the pumper truck at no additional expense. The lease ends in 2012.

The Sewer Project note was issued in 2008 for a sewer project. The note was issued for \$100,000 in 2008 and renewed for an additional \$20,000 in 2009. The loan will be repaid in monthly principal payments of \$700, and interest due at 3.46% through 2020.

The Paving Project note was issued in 2008 for paving various Village streets. The note was for \$40,000 and will be repaid in monthly installments of \$750, including interest through 2013.

The Building note was issued in 2009 for a Village Department Building. The note was for \$575,000, however at December 31, 2009 only \$540,394 was drawn down and will be repaid in monthly installments of \$2,798, including interest through 2040.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. DEBT (Continued)

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

| Year ending December 31: | Paving Note | Backhoe Note | Walk Path Project Note | Tanker Truck Note |
|-----------------------------|------------------|------------------|------------------------------|-------------------------|
| 2010 | \$ 8,736 | \$ 14,040 | \$ 12,582 | \$ 8,760 |
| 2011 | 8,736 | 14,040 | 12,582 | 8,760 |
| 2012 | 8,736 | - | 5,260 | 4,380 |
| 2013 | 8,736 | - | - | - |
| Total | <u>\$ 34,944</u> | <u>\$ 28,080</u> | <u>\$ 30,424</u> | <u>\$ 21,900</u> |

| Year ending December 31: | OPWC Sewer Project | OPWC Water Project | OPWC Waterline Project | OWDA Water Plant |
|-----------------------------|--------------------------|--------------------------|------------------------------|------------------------|
| 2010 | \$ 10,659 | \$ 4,873 | \$ 7,992 | \$ 28,258 |
| 2011 | 10,659 | 4,873 | 7,992 | 28,258 |
| 2012 | 10,659 | 4,873 | 7,992 | 28,258 |
| 2013 | 10,659 | 4,873 | 7,992 | 28,258 |
| 2014 | 10,659 | 4,873 | 7,992 | 28,258 |
| 2015-2019 | 53,295 | 24,365 | 39,960 | 141,290 |
| 2020-2024 | 21,318 | 14,619 | 39,960 | 141,290 |
| 2025-2029 | - | - | 39,975 | 141,290 |
| 2030-2034 | - | - | 39,975 | 141,290 |
| 2035-2039 | - | - | 27,963 | - |
| Total | <u>\$ 127,908</u> | <u>\$ 63,349</u> | <u>\$ 227,793</u> | <u>\$ 706,450</u> |

| Year ending December 31: | Pumper Lease | Sewer Project | Paving Project | Building Project |
|-----------------------------|-------------------|-------------------|-------------------|---------------------|
| 2010 | \$ 36,561 | \$ 12,360 | \$ 9,000 | \$ 33,577 |
| 2011 | 36,561 | 12,360 | 9,000 | 33,577 |
| 2012 | 36,561 | 12,360 | 9,000 | 33,577 |
| 2013 | - | 12,360 | 9,000 | 33,577 |
| 2014 | - | 12,360 | - | 33,577 |
| 2015-2019 | - | 61,800 | - | 167,885 |
| 2020-2024 | - | 3,090 | - | 167,885 |
| 2025-2029 | - | - | - | 167,885 |
| 2030-2034 | - | - | - | 167,885 |
| 2035-2039 | - | - | - | 167,885 |
| 2040-2044 | - | - | - | 2,798 |
| Total | <u>\$ 109,683</u> | <u>\$ 126,690</u> | <u>\$ 36,000</u> | <u>\$ 1,010,108</u> |

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. RETIREMENT SYSTEMS

Officials and employees, other than law enforcement officers, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, members of PERS contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

8. RISK MANAGEMENT

The Village has obtained commercial insurance coverage for the following risks:

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

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

9. CONTINGENT LIABILITIES

Amount 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.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

April 26, 2010

Village of Pomeroy
Meigs County
320 East Main Street
Pomeroy, OH 45769

To the Village Council:

We have audited the financial statements of the **Village of Pomeroy, Meigs County, Ohio** (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 26, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-001 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 26, 2010.

We intend this report solely for the information and use of management and Village Council. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008**

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

FINDING NUMBER 2009-001

Significant Deficiency

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2008 and 2009, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Expenditures for debt were recorded to Capital Outlay instead of Redemption of Principal and Interest and Other Fiscal Charges
- Acquisition of new debt was recorded to Intergovernmental instead of Note Proceeds
- Charges for Services were recorded to Other Financing Sources

Not posting revenues and expenditures accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications and adjustments.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2007-001 | ORC Section 5705.41(D) – Prohibits a subdivision or taxing authority from expending money unless a certificate signed by the clerk is attached thereto. | Yes | N/A |
| 2007-002 | K-9 Fund Receipt and Disbursement Activity – Improper record keeping | Yes | N/A |
| 2007-003 | Proper Posting of Receipts and Disbursements | No | Repeated as Finding 2009-001 |
| 2007-004 | LETF Funds – Improper accounting procedures | Yes | N/A |



Mary Taylor, CPA
Auditor of State

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
JUNE 10, 2010**