

**VILLAGE OF POMEROY
MEIGS COUNTY
Regular Audit
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Pomeroy
660 East Main Street
Pomeroy, Ohio 45769

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, 2010 through December 31, 2011. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

October 11, 2012

This page intentionally left blank.

**VILLAGE OF POMEROY
MEIGS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011	3
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, 2011	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	5
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, 2010	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	16
Schedule of Audit Findings	18
Schedule of Prior Audit Findings	19

This page intentionally left blank.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT

June 20, 2012

Village of Pomeroy
Meigs County
660 East Main St.
Pomeroy, OH 45769

To the Village Council:

We have audited the accompanying financial statements of the **Village of Pomeroy**, Meigs County, (the Village) as of and for the years ended December 31, 2011 and 2010. 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 discussed more fully in Note 1, the Village has prepared these financial statements using the 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.

Village of Pomeroy
Meigs County
Independent Accountants' Report
Page 2

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, 2011 and 2010 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, 2011 and 2010 or their changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Pomeroy, Meigs County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Village of Pomeroy, Meigs County, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, 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, 2011**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$ 53,308	\$ 90,415	\$ -	\$ 143,723
Municipal Income Tax	323,507	-	-	323,507
Intergovernmental	87,242	141,799	-	229,041
Charges for Services	62,851	7,434	-	70,285
Fines, Licenses and Permits	155,172	6,601	-	161,773
Earnings on Investments	834	11	685	1,530
Miscellaneous	3,790	5,449	-	9,239
Total Cash Receipts	686,704	251,709	685	939,098
Cash Disbursements:				
Current:				
Security of Persons and Property	478,731	57,783	-	536,514
Public Health Services	-	17,508	-	17,508
Leisure Time Activities	-	6,951	-	6,951
Basic Utility Services	11,144	18,313	-	29,457
Transportation	-	145,265	-	145,265
General Government	161,647	3,192	-	164,839
Debt Service:				
Principal Retirement	30,446	49,372	-	79,818
Interest and Fiscal Charges	24,751	2,359	-	27,110
Total Cash Disbursements	706,719	300,743	-	1,007,462
Excess of Receipts Over/(Under) Disbursements	(20,015)	(49,034)	685	(68,364)
Other Financing Receipts/(Disbursements):				
Sale of Capital Assets	275	-	-	275
Transfer In	-	66,000	-	66,000
Transfer Out	(66,000)	-	-	(66,000)
Total Other Financing Receipts/(Disbursements)	(65,725)	66,000	-	275
Net Change in Fund Cash Balances	(85,740)	16,966	685	(68,089)
Fund Cash Balances, January 1	102,880	64,673	37,715	205,268
Fund Cash Balances, December 31				
Nonspendable	-	-	38,400	38,400
Restricted	-	47,436	-	47,436
Committed	-	34,203	-	34,203
Unassigned	17,140	-	-	17,140
Fund Cash Balance, December 31	\$ 17,140	\$ 81,639	\$ 38,400	\$ 137,179

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, 2011**

	Proprietary Fund Type Enterprise	Fuduciary Fund Type Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 609,874	\$ -	\$ 609,874
Total Operating Cash Receipts	<u>609,874</u>	<u>-</u>	<u>609,874</u>
Operating Cash Disbursements:			
Personal Services	218,069	-	218,069
Employee Fringe Benefits	65,535	-	65,535
Contractual Services	40,000	-	40,000
Supplies and Materials	215,041	-	215,041
Other	9,327	-	9,327
Total Operating Cash Disbursements	<u>547,972</u>	<u>-</u>	<u>547,972</u>
Operating Income/(Loss)	<u>61,902</u>	<u>-</u>	<u>61,902</u>
Non-Operating Receipts/(Disbursements):			
Intergovernmental	1,782,203	-	1,782,203
Note Proceeds	1,375,000	-	1,375,000
Miscellaneous Receipts	2,425	-	2,425
Capital Outlay	(1,613,848)	-	(1,613,848)
Principal Retirement	(1,599,343)	-	(1,599,343)
Interest and Other Fiscal Charges	(17,094)	-	(17,094)
Other Non-Operating Cash Receipts	-	172,248	172,248
Other Non-Operating Cash Disbursements	-	(186,348)	(186,348)
Total Non-Operating Cash Receipts/Disbursements	<u>(70,657)</u>	<u>(14,100)</u>	<u>(84,757)</u>
Net Change in Fund Cash Balances	(8,755)	(14,100)	(22,855)
Fund Cash Balances, January 1	<u>76,932</u>	<u>15,691</u>	<u>92,623</u>
Fund Cash Balances, December 31	<u><u>\$ 68,177</u></u>	<u><u>\$ 1,591</u></u>	<u><u>\$ 69,768</u></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, 2010**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$ 52,065	\$ 88,772	\$ -	\$ 140,837
Municipal Income Tax	325,510	-	-	325,510
Intergovernmental	193,996	132,543	-	326,539
Special Assessment	-	75,815	-	75,815
Charges for Services	61,081	12,031	-	73,112
Fines, Licenses and Permits	212,506	12,134	-	224,640
Earnings on Investments	1,305	19	1,359	2,683
Miscellaneous	3,840	7,575	-	11,415
Total Cash Receipts	850,303	328,889	1,359	1,180,551
Cash Disbursements:				
Current:				
Security of Persons and Property	511,793	118,155	-	629,948
Public Health Services	-	16,016	10,000	26,016
Leisure Time Activities	-	1,067	-	1,067
Basic Utility Services	11,551	86,419	-	97,970
Transportation	-	191,524	-	191,524
General Government	253,380	8,841	-	262,221
Debt Service:				
Principal Retirement	28,763	46,699	-	75,462
Interest and Fiscal Charges	25,041	5,618	-	30,659
Total Cash Disbursements	830,528	474,339	10,000	1,314,867
Excess of Receipts Over/(Under) Disbursements	19,775	(145,450)	(8,641)	(134,316)
Other Financing Receipts/(Disbursements):				
Note Proceeds	34,606	-	-	34,606
Transfer In	-	94,000	-	94,000
Transfer Out	(94,000)	-	-	(94,000)
Total Other Financing Receipts/(Disbursements)	(59,394)	94,000	-	34,606
Net Change in Fund Cash Balances	(39,619)	(51,450)	(8,641)	(99,710)
Fund Cash Balances, January 1	142,499	116,123	46,356	304,978
Fund Cash Balances, December 31	\$ 102,880	\$ 64,673	\$ 37,715	\$ 205,268

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, 2010**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fuduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 584,541	\$ -	\$ 584,541
Total Operating Cash Receipts	<u>584,541</u>	<u>-</u>	<u>584,541</u>
Operating Cash Disbursements:			
Personal Services	178,455	-	178,455
Employee Fringe Benefits	71,480	-	71,480
Contractual Services	88,898	-	88,898
Supplies and Materials	262,440	-	262,440
Other	6,484	-	6,484
Total Operating Cash Disbursements	<u>607,757</u>	<u>-</u>	<u>607,757</u>
Operating Income/(Loss)	<u>(23,216)</u>	<u>-</u>	<u>(23,216)</u>
Non-Operating Receipts/(Disbursements):			
Intergovernmental	64,809	-	64,809
Note Proceeds	77,705	-	77,705
Miscellaneous Receipts	2,681	166	2,847
Capital Outlay	(64,809)	-	(64,809)
Principal Retirement	(69,765)	-	(69,765)
Interest and Other Fiscal Charges	(20,818)	-	(20,818)
Other Non-Operating Cash Receipts	-	221,549	221,549
Other Non-Operating Cash Disbursements	-	(207,449)	(207,449)
Total Non-Operating Cash Receipts/Disbursements	<u>(10,197)</u>	<u>14,266</u>	<u>4,069</u>
Net Change in Fund Cash Balances	(33,413)	14,266	(19,147)
Fund Cash Balances, January 1	<u>110,345</u>	<u>1,425</u>	<u>111,770</u>
Fund Cash Balances, December 31	<u>\$ 76,932</u>	<u>\$ 15,691</u>	<u>\$ 92,623</u>

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, 2011 and 2010**

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

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale 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.

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:

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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 Fund:

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, 2011 and 2010
(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 also approves 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 as required by Ohio law.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

F. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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.

2. EQUITY IN POOLED DEPOSITS

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

	<u>2011</u>	<u>2010</u>
Demand Deposits	\$156,664	\$227,608
Certificates of Deposit	50,283	70,283
Total Deposits	<u>\$206,947</u>	<u>\$297,891</u>

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 686,978	\$ 686,979	\$ 1
Special Revenue	314,932	317,709	2,777
Permanent	1,350	685	(665)
Enterprise	1,004,402	3,769,502	2,765,100
Total	<u>\$ 2,007,662</u>	<u>\$ 4,774,875</u>	<u>\$ 2,765,100</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 776,506	\$ 772,719	\$ 3,787
Special Revenue	322,590	300,743	21,847
Permanent	-	-	-
Enterprise	1,070,983	3,778,257	(2,707,274)
Total	<u>\$ 2,170,079</u>	<u>\$ 4,851,719</u>	<u>\$(2,681,640)</u>

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 795,653	\$ 884,909	\$ 89,256
Special Revenue	394,138	422,889	28,751
Permanent	1,200	1,359	159
Enterprise	705,438	729,736	24,298
Total	<u>\$ 1,896,429</u>	<u>\$ 2,038,893</u>	<u>\$ 142,464</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 912,513	\$ 924,528	\$ (12,015)
Special Revenue	490,654	474,339	16,315
Permanent	10,500	10,000	500
Enterprise	792,494	763,149	29,345
Total	<u>\$ 2,206,161</u>	<u>\$ 2,172,016</u>	<u>\$34,145</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority for the Sewer Fund in 2011 and for the General Fund 2010.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

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.

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.

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, 2011 was as follows:

	Principal	Interest
General Obligation Note-Paver	\$ 13,929	4.70%
General Obligation Note-Walk Path Project	2,015	4.75%
General Obligation Note-Tanker Truck	5,743	4.57%
Ohio Public Works Commission-Sewer Project	87,398	2.00%
Ohio Public Works Commission-Water Project	43,967	2.00%
Ohio Public Works Commission-Waterline Replacement	215,775	0.00%
Ohio Water Development Authority-Water Plant	509,977	2.00%
Ohio Water Development Authority-Water Meter	72,525	0.00%
Lease-Pumper Truck	34,194	3.82%
General Obligation Note-Paving Project	17,024	4.15%
General Obligation Note-Building	555,289	4.10%
	\$ 1,557,836	

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. DEBT (Continued)

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 was paid off during 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.

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 Ohio Water Development Authority loan was for the installation of new water meters. The amount of the loan is \$77,705. The loan will be repaid in semi-annual installments of \$1,351, through 2040.

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 2009 for a total note of \$194,170. The prior audit reflected an incorrect outstanding balance of \$107,770, the correct amount is \$188,749. This note was paid off during 2011.

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, with \$540,394 being drawn down at the end of 2009. In 2010, the additional \$34,606 was drawn down, and will be repaid in monthly installments of \$2,798, including interest through 2040.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

6. DEBT (Continued)

During 2011, the Village obtained a loan through the Ohio Water Development Authority for \$1,375,000 to be used for the construction of a sewer project. The Village received a principal forgiveness grant from the Ohio EPA for the full \$1,375,000, retiring the loan.

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

Year Ending December 31:	Paving Note	Walk Path Project Note	Tanker Truck Note
2012	\$ 8,736	\$ 2,104	\$ 5,832
2013	8,736	-	-
Total	<u>\$ 17,472</u>	<u>\$ 2,104</u>	<u>\$ 5,832</u>

Year Ending December 31:	OPWC Sewer Project	OPWC Water Project	OPWC Waterline Project	OWDA Water Plant	OWDA Water Meters
2012	\$ 10,659	\$ 4,873	\$ 7,992	\$ 28,258	\$ 2,702
2013	10,659	4,873	7,992	28,258	2,702
2014	10,659	4,873	7,992	28,258	2,702
2015	10,659	4,873	7,992	28,258	2,702
2016	10,659	4,873	7,992	28,258	2,702
2017-2021	53,295	24,365	39,960	141,290	13,510
2022-2026	-	4,873	39,960	141,290	13,510
2027-2031	-	-	39,975	141,290	13,510
2032-2036	-	-	39,975	84,774	13,510
2037-2038	-	-	15,945	-	4,975
Total	<u>\$ 106,590</u>	<u>\$ 53,603</u>	<u>\$ 215,775</u>	<u>\$ 649,934</u>	<u>\$ 72,525</u>

Year Ending December 31:	Pumper Truck	Paving Project	Building Project
2012	\$ 36,561	\$ 9,000	\$ 33,577
2013	-	9,000	33,577
2014	-	-	33,577
2015	-	-	33,577
2016	-	-	33,577
2017-2021	-	-	167,885
2022-2026	-	-	167,885
2027-2031	-	-	167,885
2032-2036	-	-	167,885
2037-2040	-	-	103,529
Total	<u>\$ 36,561</u>	<u>\$ 18,000</u>	<u>\$ 942,954</u>

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% respectively, of participants' gross salaries. The Village had paid all contributions required through December 31, 2011.

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

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.

10. TRANSFERS

During 2011 and 2010 the following transfers were made:

2011 Transfer and Advance Activity		
Fund	Transfer-In	Transfers-Out
General Fund	\$ -	\$ (66,000)
Street Construction M&R	66,000	-
	\$ 66,000	\$ (66,000)

2010 Transfer and Advance Activity		
Fund	Transfer-In	Transfers-Out
General Fund	\$ -	\$ (94,000)
Street Construction M&R	94,000	-
	\$ 94,000	\$ (94,000)

In 2011 and 2010, the Village transferred monies to the Street Construction Maintenance & Repair Fund from the General Fund for operations. These transfers were determined to be proper and in compliance with the Ohio Revised Code.

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA

428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG

1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE

121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

June 20, 2012

Village of Pomeroy
Meigs County
660 East Main St.
Pomeroy, OH 45769

To the Village Council:

We have audited the financial statements of the **Village of Pomeroy**, Meigs County, (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 20, 2012 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and has adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting & Governmental Fund Type Definitions*. 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 opinion 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 as described in the accompanying schedule of audit findings to be a material weakness.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of audit findings as item 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 20, 2012.

We intend this report solely for the information and use of management and the Village Council and other within the Village. 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 AUDIT FINDINGS
DECEMBER 31, 2011 and 2010**

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

FINDING NUMBER 2011-001

Material Weakness

Posting Receipts and Disbursements

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

During 2011 and 2010, several receipts and disbursements were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Homestead, rollback, and deregulation receipts were posted as property tax receipts
- Intergovernmental receipts, note proceeds, capital outlays, and principal payments for the WPCLF grant were not recorded
- Debt payments were improperly classified between principal and interest

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

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and disbursements.

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

FINDING NUMBER 2011-001

Noncompliance

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations for 2010 in the General and Sewer Funds, and for 2011 in the Sewer Fund.

We recommend the Fiscal Officer modify appropriations with the Village Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

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, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Posting of Receipts and Expenditures	No	Not Corrected; Repeated as Finding 2011-001

This page intentionally left blank.



Dave Yost • 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
NOVEMBER 8, 2012