



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF POMEROY  
MEIGS COUNTY  
DECEMBER 31, 2016 AND 2015**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Pomeroy  
Meigs County  
660 East Main Street  
Pomeroy, Ohio 45769

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Pomeroy, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code §117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the 2016 financial statements and Note 1 of the 2015 financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the year then ended.

***Basis for Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting***

Other Financing Sources receipts are reported at \$281,018 and \$282,967 for the years ended December 31, 2016 and 2015, respectively, which is 100% of Fiduciary Fund receipts for the years ended December 31, 2016 and 2015. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Other Financing Sources receipts.

***Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting***

Because of the significance of Other Financing Sources receipts to the Fiduciary Fund Type, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Fiduciary Fund Type of the Village of Pomeroy, Meigs County, Ohio for the years ended December 31, 2016 and 2015.

***Basis for Qualification of Opinion on General Fund Fines, Licenses, and Permits Receipts on the Regulatory Basis of Accounting***

General Fund Fines, Licenses, and Permits receipts are reported at \$265,593 and \$260,211 for the years ended December 31, 2016 and 2015, respectively, which was 34% of total General Fund operating receipts for both years ended December 31, 2016 and 2015. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Fines, Licenses, and Permits receipts in the General Fund. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Qualification of Opinion on General Fund Fines, Licenses, and Permits Receipts on the Regulatory Basis of Accounting***

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2016 and 2015 Fines, License, and Permits receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund, of the Village of Pomeroy, Meigs County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit, described in Note 2 of the 2016 financial statements and Note 1 of the 2015 financial statements.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the Special Revenue, Capital Projects, Permanent, and Enterprise Funds, and related notes of the Village of Pomeroy, Meigs County, Ohio, as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code §117-2-03(D) permit, described in Note 2 of the 2016 financial statements and Note 1 of the 2015 financial statements.

***Emphasis of Matter***

As discussed in Note 10 to the 2015 financial statements, the Village restated the January 1, 2015 fund balances in the General Fund and Fiduciary Fund for prior year errors. Also, as discussed in Note 15 to the 2016 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 16, 2020

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**Village of Pomeroy, Ohio**

*Meigs County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Governmental Fund Types*

*For the Year Ended December 31, 2016*

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$51,445	\$114,885	\$0	\$0	\$166,330
Municipal Income Tax	350,430	0	0	0	350,430
Intergovernmental	74,261	680,233	0	0	754,494
Charges for Services	38,855	10,972	0	0	49,827
Fines, Licenses and Permits	265,593	13,428	0	0	279,021
Earnings on Investments	210	143	0	0	353
Miscellaneous	9,996	2,108	0	0	12,104
<i>Total Cash Receipts</i>	<u>790,790</u>	<u>821,769</u>	<u>0</u>	<u>0</u>	<u>1,612,559</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	505,851	116,910	0	0	622,761
Public Health Services	0	20,215	0	0	20,215
Leisure Time Activities	16,028	3,835	0	0	19,863
Transportation	0	197,680	95,162	0	292,842
General Government	237,528	4,290	0	0	241,818
Capital Outlay	0	443,263	0	0	443,263
Debt Service:					
Principal Retirement	26,964	0	0	0	26,964
Interest and Fiscal Charges	23,096	0	0	0	23,096
<i>Total Cash Disbursements</i>	<u>809,467</u>	<u>786,193</u>	<u>95,162</u>	<u>0</u>	<u>1,690,822</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,677)</u>	<u>35,576</u>	<u>(95,162)</u>	<u>0</u>	<u>(78,263)</u>
<i>Fund Cash Balances, January 1</i>	<u>106,560</u>	<u>115,634</u>	<u>51,353</u>	<u>38,782</u>	<u>312,329</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	1,591	0	0	38,782	40,373
Restricted	0	161,635	990	0	162,625
Committed	0	133	0	0	133
Assigned	61,800	0	0	0	61,800
Unassigned (Deficit)	24,492	(10,558)	(44,799)	0	(30,865)
<i>Fund Cash Balances, December 31</i>	<u>\$87,883</u>	<u>\$151,210</u>	<u>(\$43,809)</u>	<u>\$38,782</u>	<u>\$234,066</u>

*See accompanying notes to the basic financial statements*

**Village of Pomeroy, Ohio**

*Meigs County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2016*

	Proprietary Fund	Fiduciary Fund	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$737,587	\$0	\$737,587
<i>Total Operating Cash Receipts</i>	<u>737,587</u>	<u>0</u>	<u>737,587</u>
<b>Operating Cash Disbursements</b>			
Personal Services	170,038	0	170,038
Employee Fringe Benefits	63,042	0	63,042
Contractual Services	127,520	0	127,520
Supplies and Materials	95,949	0	95,949
Other	7,874	0	7,874
<i>Total Operating Cash Disbursements</i>	<u>464,423</u>	<u>0</u>	<u>464,423</u>
<i>Operating Income</i>	<u>273,164</u>	<u>0</u>	<u>273,164</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	48,127	0	48,127
Other Debt Proceeds	280,041	0	280,041
Miscellaneous Receipts	12,545	0	12,545
Capital Outlay	(280,041)	0	(280,041)
Principal Retirement	(127,245)	0	(127,245)
Interest and Other Fiscal Charges	(32,070)	0	(32,070)
Other Financing Sources	0	281,018	281,018
Other Financing Uses	0	(265,597)	(265,597)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(98,643)</u>	<u>15,421</u>	<u>(83,222)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	174,521	15,421	189,942
Capital Contributions	43,165	0	43,165
<i>Net Change in Fund Cash Balances</i>	217,686	15,421	233,107
<i>Fund Cash Balances, January 1</i>	<u>(77,222)</u>	<u>81,903</u>	<u>4,681</u>
<i>Fund Cash Balances, December 31</i>	<u>\$140,464</u>	<u>\$97,324</u>	<u>\$237,788</u>

*See accompanying notes to the basic financial statements*

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

The Village of Pomeroy (the Village), Meigs County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs 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.

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc. and the Ohio Municipal League Group Rating Plan (GRP) which are public entity risk pools. Notes 7 and 12 to the financial statements provides additional information for these entities.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire Fund*** This fund receives tax levy proceeds to provide Village fire protection.

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

***Other Capital Projects Fund*** This fund receives a portion of the water and sewer charges for the Village's capital improvements.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

***Beech Grove Cemetery Fund*** This fund receives interest earned on the nonspendable corpus from a cemetery endowment. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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

***Water Fund*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Mayor's Court transactions and Unclaimed Funds.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Basis of Accounting (Continued)***

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

***Budgetary Process***

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

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

***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 approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2016 budgetary activity appears in Note 4.

***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.

***Capital Assets***

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

***Accumulated Leave***

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

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

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:

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

***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.

***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.

***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.

***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.

**Note 3 - Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance, and Repair Fund , Permissive Motor Vehicle License Tax Fund, Water Operating Fund, and the Sewer Operating Fund in the amount of \$73,972, \$12,355, \$229,271, and \$52,231 respectively.

Contrary to Ohio law, the Village had deficit fund balances at December 31, 2016 in the State Highway Fund, Park Recreation Fund, Permissive Motor Vehicle Fund, Capital Projects Fund, and the Water Operating Fund in the amount of \$9,524, \$901, \$5,925, \$43,809, and \$28,025, respectively.

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$796,219	\$790,790	(\$5,429)
Special Revenue	653,434	821,769	168,335
Capital Projects	0	0	0
Enterprise	669,900	1,121,465	451,565
Total	\$2,119,553	\$2,734,024	\$614,471

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$880,857	\$809,847	\$71,010
Special Revenue	864,384	815,577	48,807
Capital Projects	152,566	95,162	57,404
Permanent	2,513	0	2,513
Enterprise	691,074	955,450	(264,376)
Total	\$2,591,394	\$2,676,036	(\$84,642)

**Note 5 – Deposits and Investments**

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

	2016
Demand deposits	\$421,571
Certificates of deposit	49,783
Total deposits	471,354
U.S. Savings Bond	500
Total investments	500
Total deposits and investments	\$471,854

***Deposits***

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

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 6 – Taxes**

***Property Taxes***

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

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

***Income Taxes***

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.

**Note 7 - Risk Management**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.



**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 7 - Risk Management (Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 8 - Defined Benefit Pension Plans (Continued)**

***Ohio Police and Fire Retirement System***

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

***Social Security***

The Village's elected officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 10 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OPWC CR15B	\$45,654	2.00%
OPWC CR10D	\$25,260	2.00%
OPWC CR08K	\$175,817	0%
OPWC CR08P	\$71,106	0%
OPWC CR08R	\$130,923	0%
OWDA 4047	\$425,368	2.00%
OWDA 5220	\$60,870	0%
OWDA 6221	\$666,255	2.00%
OWDA 6842	\$847,284	2.00%
Building Loan	\$496,634	4.10%
Police Cruiser Loan	\$22,340	2.95%
Police Cruiser Loan	\$20,892	2.74%
Total	\$2,988,403	

The OPWC CR15B West Side Sewer Replacement Loan project's total amount awarded was \$175,000. This loan will be repaid in semi-annual installments of \$5,330, including interest through 2021. The OPWC CR10D Loan Water main Replacement Phase 3 project's total amount awarded was \$80,000. This loan will be repaid in semi-annual installments of \$2,436, including interest through 2021. The OPWC CR08R Loan Second, Lynn and Court Streets Water main replacement will be repaid in semi-annual installments of \$8,182.68 through 2032. The OPWC CR08K Loan Lincoln Hill Waterline Replacement project's total amount awarded was \$239,750. This loan will be repaid in semi-annual installments of \$3,996, including interest through 2038.

The OWDA 4047 Loan New Water Treatment Plant project's total amount awarded was \$633,897. The loan will be repaid in semi-annual installments of \$14,129, including interest through 2034. The OWDA 5220 Loan Water Meter Replacement project's total amount awarded was \$77,705. The loan will be repaid in semiannual installments of \$1,295, through 2040. The OWDA 6221 Loan Waterline Replacement/Hydrant Improvements project's total amount awarded as of December 31, 2014 was \$1,046,278, with \$314,230 of that amount repaid as principal forgiveness. The OWDA 6842 Loan Booster Station project's total amount awarded as of December 31, 2014 was \$98,514, with \$27,939 of that amount repaid as principal forgiveness.

The Building note was issued in 2009 for a Village Department Building. The note was for \$575,000. The balance was misstated at December 31, 2011 and should have been \$555,289. The note will be repaid in monthly installments of \$2,798, including interest through 2040. The Police Cruiser note was issued in 2014 for \$47,739. The note will be repaid in monthly installments of \$857, including interest through 2019. The second Police Cruiser note was issued in 2015 for \$27,999.00. The note will be repaid in monthly installments of \$500.36, including interest through 2020.

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 10 – Debt (Continued)**

***Amortization***

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

Year ending December 31:	OPWC <u>CR08K</u>	OPWC <u>CR08P</u>	OPWC <u>CR08R</u>	OPWC <u>CR10D</u>	OPWC <u>CR15B</u>
2017	\$7,992	\$5,079	\$8,183	\$4,873	\$10,659
2018	7,992	5,079	8,183	4,873	10,659
2019	7,992	5,079	8,183	4,873	10,659
2020	7,992	5,079	8,183	4,873	10,659
2021	7,992	5,079	8,183	4,873	5,330
2022-2026	39,960	25,395	40,913	2,436	0
2027-2031	39,960	20,316	40,913	0	0
2032-2036	39,960	0	8,182	0	0
2037-2040	15,977	0	0	0	0
Total	<u>\$175,817</u>	<u>\$71,106</u>	<u>\$130,923</u>	<u>\$26,801</u>	<u>\$47,966</u>

Year ending December 31:	Building <u>Loan</u>	2014 <u>Cruiser</u>	2015 <u>Cruiser</u>
2017	\$33,577	\$10,292	\$6,004
2018	33,577	10,292	6,004
2019	33,577	3,369	6,004
2020	33,577	0	3,955
2021	33,577	0	0
2022-2026	167,885	0	0
2027-2031	167,885	0	0
2032-2036	167,885	0	0
2037-2039	81,297	0	0
Total	<u>\$752,837</u>	<u>\$23,953</u>	<u>\$21,967</u>

**Note 11 – Contingent Liabilities**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**Note 12 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program.

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 12 – Public Entity Risk Pool (Continued)**

Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 13 – Liabilities and Outstanding Amounts Owed**

The Village owed Ohio Power Company \$45,274 at December 31, 2016 for prior year tax refunds.

**Note 14 – Special Investigation**

The Auditor of State is conducting a special investigation. As of the date of this report, the investigation is ongoing. The results of the investigation will be reported on at a later date.

**Note 15 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**Village of Pomeroy, Ohio**  
*Meigs County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2015*

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$49,410	\$109,845	\$0	\$0	\$159,255
Municipal Income Tax	326,986	0	0	0	326,986
Intergovernmental	76,749	650,178	0	0	726,927
Charges for Services	47,709	10,949	0	0	58,658
Fines, Licenses and Permits	260,211	12,368	0	0	272,579
Earnings on Investments	234	60	0	0	294
Miscellaneous	4,810	1,400	0	0	6,210
<i>Total Cash Receipts</i>	<u>766,109</u>	<u>784,800</u>	<u>0</u>	<u>0</u>	<u>1,550,909</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	477,018	130,663	0	0	607,681
Public Health Services	0	20,475	0	0	20,475
Leisure Time Activities	9,888	0	0	0	9,888
Transportation	0	156,890	0	0	156,890
General Government	227,328	1,230	0	0	228,558
Capital Outlay	27,999	460,513	2,411	0	490,923
Debt Service:					
Principal Retirement	26,369	2,540	0	0	28,909
Interest and Fiscal Charges	22,067	0	0	0	22,067
<i>Total Cash Disbursements</i>	<u>790,669</u>	<u>772,311</u>	<u>2,411</u>	<u>0</u>	<u>1,565,391</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,560)</u>	<u>12,489</u>	<u>(2,411)</u>	<u>0</u>	<u>(14,482)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	27,999	0	0	0	27,999
Transfers In	120,220	30,055	0	0	150,275
Transfers Out	(120,220)	(120,220)	0	0	(240,440)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>27,999</u>	<u>(90,165)</u>	<u>0</u>	<u>0</u>	<u>(62,166)</u>
<i>Net Change in Fund Cash Balances</i>	<u>3,439</u>	<u>(77,676)</u>	<u>(2,411)</u>	<u>0</u>	<u>(76,648)</u>
<i>Fund Cash Balances, January 1</i>	<u>103,121</u>	<u>193,310</u>	<u>53,764</u>	<u>38,782</u>	<u>388,977</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	1,591	0	0	38,782	40,373
Restricted	0	159,999	51,353	0	211,352
Committed	0	2,434	0	0	2,434
Assigned	80,253	0	0	0	80,253
Unassigned (Deficit)	24,716	(46,799)	0	0	(22,083)
<i>Fund Cash Balances, December 31</i>	<u>\$106,560</u>	<u>\$115,634</u>	<u>\$51,353</u>	<u>\$38,782</u>	<u>\$312,329</u>

See accompanying notes to the basic financial statements

**Village of Pomeroy, Ohio**  
*Meigs County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2015*

	Proprietary Fund	Fiduciary Fund	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$666,673	\$0	\$666,673
<i>Total Operating Cash Receipts</i>	<u>666,673</u>	<u>0</u>	<u>666,673</u>
<b>Operating Cash Disbursements</b>			
Personal Services	175,933	0	175,933
Employee Fringe Benefits	69,743	0	69,743
Contractual Services	310,385	0	310,385
Supplies and Materials	145,503	0	145,503
Other	1,300	0	1,300
<i>Total Operating Cash Disbursements</i>	<u>702,864</u>	<u>0</u>	<u>702,864</u>
<i>Operating Income</i>	<u>(36,191)</u>	<u>0</u>	<u>(36,191)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	319,785	0	319,785
Other Debt Proceeds	988,086	0	988,086
Miscellaneous Receipts	470	0	470
Capital Outlay	(881,180)	0	(881,180)
Principal Retirement	(381,954)	0	(381,954)
Interest and Other Fiscal Charges	(25,331)	0	(25,331)
Other Financing Sources	0	282,967	282,967
Other Financing Uses	0	(255,256)	(255,256)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>19,876</u>	<u>27,711</u>	<u>47,587</u>
<i>Income before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(16,315)</u>	<u>27,711</u>	<u>11,396</u>
Capital Contributions	43,298	0	43,298
Transfers In	90,165	0	90,165
<i>Net Change in Fund Cash Balances</i>	<u>117,148</u>	<u>27,711</u>	<u>144,859</u>
<i>Fund Cash Balances, January 1</i>	<u>(194,370)</u>	<u>54,192</u>	<u>(140,178)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$77,222)</u></u>	<u><u>\$81,903</u></u>	<u><u>\$4,681</u></u>

*See accompanying notes to the basic financial statements*



**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police & fire services.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**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.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

**3. Capital Project Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Other Capital Projects Fund – This fund receives a portion of the water and sewer charges for the Village’s capital improvements.

**4. Permanent Fund**

This fund accounts for and report resources that are restricted to the extent that only earnings and not principal, may be used for purposes that support the Village’s programs (for the benefit of the Village or its citizenry). The Village had the following significant Permanent Fund:

Beech Grove Cemetery Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village’s cemetery.

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**6. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

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

**D. Fund Accounting (Continued)**

**6. Fiduciary Funds (Continued)**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Unclaimed Monies Fund and the Mayor's Court.

**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, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual 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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2015 budgetary activity appears in Note 3.

**F. Fund Balance**

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.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

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

**F. Fund Balances (Continued)**

**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.

**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. The financial statements do not include a liability for unpaid leave.

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

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

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)**

	2015
Demand deposits	\$266,727
Certificates of deposit	49,783
Total deposits	316,510
U.S. Savings Bond	500
Total investments	500
Total deposits and investments	\$317,010

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Investments:** Investments in U.S Savings Bonds are reported at face value.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$737,350	\$914,328	\$176,978
Special Revenue	694,445	814,855	120,410
Capital Projects	0	0	0
Enterprise	1,941,895	2,108,477	166,582
Total	\$3,373,690	\$3,837,660	\$463,970

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$865,883	\$915,274	(\$49,391)
Special Revenue	777,960	892,804	(114,844)
Capital Projects	8,965	58,825	(49,860)
Enterprise	1,917,070	1,993,203	(76,133)
Total	\$3,569,878	\$3,860,106	(\$290,228)

Contrary to Ohio Rev. Code § 5705.41(B), budgetary expenditures exceeded appropriation authority in the General Fund \$49,391, Street Construction, Maintenance, and Repair Fund \$91,305, FEMA 4002-DR-105-64024 Fund \$126,460, Capital Projects Fund \$49,860, Water Operating Fund \$96,583, and Sewer Operating Fund \$3,250.

Contrary to Ohio law, the Village had deficit fund balances in the Street Construction, Maintenance, and Repair Fund, Water Operating Fund, and Sewer Operating Fund in the amount of 57,617, \$56,556, and \$146,351, respectively for the year ended December 31, 2015.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**4. PROPERTY TAX**

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

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 individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
OPWC CR15B	\$55,256	2.00%
OPWC CR10D	\$29,563	2.00%
OPWC CR08K	\$183,808	0.00%
OPWC CR08P	\$76,185	0.00%
OWDA 4047	\$444,826	2.00%
OWDA 5220	\$63,460	0.00%
OWDA 6221	\$685,516	2.00%
OWDA 6842	\$757,126	5.99%
Building Loan	\$508,780	4.10%
Police Cruiser Loan	\$31,755	2.95%
Police Cruiser Loan	\$26,227	2.74%
Total	\$2,862,502	

The OPWC CR15B West Side Sewer Replacement Loan project's total amount awarded was \$175,000. This loan will be repaid in semi-annual installments of \$5,330, including interest through 2021. The OPWC CR10D Loan Water Main Replacement Phase 3 project's total amount awarded was \$80,000. This loan will be repaid in semi-annual installments of \$2,436, including interest through 2021. The OPWC CR08K loan Lincoln Hill Waterline Replacement project's total amount awarded was \$239,750. This loan will be repaid in semi-annual installments of \$3,966, including interest through 2038.

The OWDA 4047 Loan New Water Treatment Plant project's total amount awarded was \$633,897. The loan will be repaid in semi-annual installments of \$14,129, including interest through 2034. The OWDA 5220 Loan Water Meter Replacement project's total amount awarded was \$77,705. The loan will be repaid in semiannual installments of \$1,295, through 2040.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**6. DEBT (Continued)**

The OWDA 6221 Loan Waterline Replacement/Hydrant Improvements project's total amount awarded as of December 31, 2014 was \$1,046,278, with \$314,230 of that amount repaid as principal forgiveness. The OWDA 6842 Loan Booster Station project's total amount awarded as of December 31, 2014 was \$98,514, with \$27,939 of that amount repaid as principal forgiveness.

The Building note was issued in 2009 for a Village Department Building. The note was for \$575,000. The balance was misstated at December 31, 2011 and should have been \$555,289. The note will be repaid in monthly installments of \$2,798, including interest through 2040. The Police Cruiser note was issued in 2014 for \$47,739. The note will be repaid in monthly installments of \$857, including interest through 2019.

The second Police Cruiser note was issued in 2015 for \$27,999.00. The note will be repaid in monthly installments of \$500.36, including interest through 2020.

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

Year ending December 31:	OPWC <u>CR08K</u>	OPWC <u>CR08P</u>	OPWC <u>CR10D</u>	OPWC <u>CR15B</u>
2016	\$7,992	\$5,079	\$4,873	\$10,659
2017	7,992	5,079	4,873	10,659
2018	7,992	5,079	4,873	10,659
2019	7,992	5,079	4,873	10,659
2020	7,992	5,079	4,873	10,659
2021-2025	39,960	25,395	7,309	5,330
2026-2030	39,960	25,395	0	0
2031-2035	39,960	0	0	0
2036-2040	23,968	0	0	0
Total	<u>\$183,808</u>	<u>\$76,185</u>	<u>\$31,674</u>	<u>\$58,625</u>

Year ending December 31:	Building <u>Loan</u>	2014 <u>Cruiser</u>	2015 <u>Cruiser</u>
2016	\$33,577	\$10,292	\$6,004
2017	33,577	10,292	6,004
2018	33,577	10,292	6,004
2019	33,577	3,369	6,004
2020	33,577	0	3,955
2021-2025	167,887	0	0
2026-2030	167,887	0	0
2031-2035	167,887	0	0
2036-2038	114,874	0	0
Total	<u>\$786,420</u>	<u>\$34,245</u>	<u>\$27,971</u>

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contributions rates. OP&F participants who were full time police contributed 11.5% of their wages through July 1, 2014 through June 30, 2015, and 12.25% thereafter. The Village contributed an amount equaling 19.5% of participants' gross salaries. OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**8. RISK MANAGEMENT**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015.

	<u>2015</u>
Assets	\$14,643,667
Liabilities	<u>(9,112,030)</u>
Members' Equity	<u>\$5,531,637</u>



**VILLAGE OF POMEROY  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. LIABILITIES AND OUTSTANDING AMOUNT OWED**

The Village owed Ohio Power Company \$55,045 at December 31, 2015 for prior year tax refunds.

**10. RESTATEMENT OF PRIOR YEAR BALANCE**

The Village had the following restatement:

	General Fund	Agency Fund
Reported Fund Balance at December 31, 2014:	\$ 103,540	\$ 1,591
Prior period errors:	<u>(419)</u>	<u>52,601</u>
Restated Fund Balance at January 1, 2015:	103,121	54,192

**11. Contingent Liabilities**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Pomeroy  
Meigs County  
660 East Main Street  
Pomeroy, Ohio 45769

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Pomeroy, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated September 16, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We did not express an opinion on the Fiduciary Fund Type. We also qualified our opinion on Fines, Licenses, and Permits receipts in the General Fund. We also noted the Village restated the January 1, 2015 fund balance in the General Fund and Fiduciary Funds. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2016-004 through 2016-008 to be material weaknesses.

### ***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2016-001 through 2016-003.

### ***Village's Response to Findings***

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### ***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 16, 2020

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-001**

**Noncompliance**

**Ohio Rev. Code § 5705.10(I)** provides that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

During 2016, the Street Construction, Maintenance, and Repair Fund, Water Operating Fund, and Sewer Operating funds were deficit throughout the year, but were positive at year end.

In addition, at December 31, 2015, the Street Construction, Maintenance, and Repair Fund, Water Operating Fund, and Sewer Operating funds were negative \$57,617, \$56,556, and \$146,351, respectively.

Based on audit adjustments, at December 31, 2016, the State highway Fund, Park Recreation Fund, Permissive Motor Vehicle Fund, Capital Projects Fund, and the Water Operating Fund were negative \$9,524, \$901, \$5,925, \$43,809, and \$28,025, respectively.

Furthermore, at December 31, 2015, the Street Construction, Maintenance, and Repair Fund, Water Operating Fund, and Sewer Operating Fund were negative \$46,799, \$84,470, and \$51,975, respectively.

A deficit cash fund balance indicates that money from one fund was used to cover the expenses of another fund. Fund activity should be monitored to prevent future disbursements in excess of available resources.

The Fiscal Officer should use money paid into a fund only for purposes for which such fund was established. Expenditures should not be permitted from funds with no balance or with a negative balance. Steps should be identified and implemented that would help the Village reduce spending, increase revenues, or both.

**Officials' Response:** The Village will develop a plan to correct deficit balances.

**FINDING NUMBER 2016-002**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village had expenditures in excess of appropriations as follows:

December 31, 2016	Authority	Expenditures	Variance
Street Construction, Maintenance, and Repair Fund	\$395,043	\$ 469,015	\$(73,972)
Permissive Motor Vehicle License Tax Fund	-	12,355	(12,355)
Water Operating Fund	412,376	641,647	(229,271)
Sewer Operating Fund	253,698	305,929	(52,231)

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

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

**FINDING NUMBER 2016-002 (Continued)**

**Noncompliance - Ohio Rev. Code § 5705.41(B) (Continued)**

December 31, 2015	Authority	Expenditures	Variance
General Fund	\$ 865,883	\$ 915,274	\$(49,391)
Street Construction, Maintenance, and Repair Fund	520,513	611,818	(91,305)
FEMA 4002-DR-105-64024 Fund	-	126,460	(126,460)
Capital Projects Fund	8,965	58,825	(49,860)
Water Operating Fund	1,675,295	1,771,878	(96,583)
Sewer Operating Fund	216,775	220,025	(3,250)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Officials' Response:** The Fiscal Officer will monitor expenditures more closely and deny them when appropriations are inadequate.

**FINDING NUMBER 2016-003**

**Noncompliance**

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-003 (Continued)**

**Noncompliance - Ohio Rev. Code § 5705.41(D)(1) – (Continued)**

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – The auditor or fiscal officer may prepare “blanket” certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
  
3. Super Blanket Certificate – The Village Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, seventy-eight percent (78%) of the transactions tested at year-end were not certified by the Fiscal Officer at the time commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. In addition, the Village had unrecorded encumbrances totaling \$89,578 and \$56,414 at December 31, 2016 and 2015, respectively, in various funds. Lastly, Village Council did not establish a maximum amount for blanket certificates.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used. In addition, the Village Council should establish by ordinance or resolution, a maximum amount for any blanket certificates used by the Village.

**Officials’ Response:** The Village will correctly encumber funds.

**FINDING NUMBER 2016-004**

**Material Weakness**

The Income Tax Department utilized manual ledgers to record daily receipts and a running total was maintained for each month and year to date. In addition, the Village also recorded activity to income tax payer’s accounts on the City Tax software system.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-004 (Continued)**

**Material Weakness (Continued)**

During testing of income tax receipts, we noted the following:

- Monthly reconciliations were not performed from either the manual ledger or the City Tax system to the UAN accounting system to determine if receipts were properly recorded. This resulted in a variance of \$1,011 when comparing total receipts per City Tax compared to UAN for 2015. Also, for 2016, a variance of \$462 was noted when comparing total manual ledger receipts to UAN and a variance of \$304,675 was noted when comparing total receipts per the City Tax system to UAN.
- City Tax Software System was incomplete for 2016 (not up to date with all monies received on individual, businesses, corporations, withholding payments, etc. for 2016) resulting in the \$304,675 variance noted above.
- Supporting documentation (tax returns, quarterly remittances, etc.) were not on file for sixteen percent of receipts tested for 2015.
- Forty-seven percent of income tax receipts were not posted to taxpayers accounts in the City Tax system timely in 2015.
- One hundred percent of income tax receipts were not posted to taxpayers accounts in the City Tax system timely in 2016.

The Income Tax Administrator should accurately and timely record activity in the City Tax software system. This will help ensure each taxpayer's account is up to date and reflect all payments made. Further, the Income Tax Administrator should reconcile monthly receipts per the City Tax System to the receipts posted by the Fiscal Officer in the UAN accounting system.

**Officials' Response:** The Village has begun using Regional Income Tax Agency to ensure that all transactions are correctly handled. The Village receives reports from RTIA regarding all matters and revenue is reconciled monthly.

**FINDING NUMBER 2016-005**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Mayor's Court Clerk utilized the lite version of the Baldwin Group software during the audit period. This system accounted for money received on cases but did not account for the disbursements to various agencies or a running book balance at any given time.

Due to the lack of complete records, we were unable to determine the accuracy of amounts received, tracing cash, check, and credit card payments to deposits per the bank statement, determining if deposits were made timely, if amounts received were the proper amount based on the offense charged, tracing case information to the docket, if amounts received were properly allocated, and if amounts received were properly allocated and remitted to the State, Village, and County Court. Additionally, bank reconciliations were not performed for the audit period.



**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-005 (Continued)**

**Material Weakness (Continued)**

Further, we were unable to determine if a reconciliation exists between tickets issued compared to a ticket log. These items could result in possible errors and/or irregularities occurring and remaining undetected for an extended period of time.

As such, we were unable to satisfy ourselves as to the completeness of Other Financing Sources receipts in the Fiduciary Fund Type in 2016 and 2015 and Fines, Licenses and Permits receipts in the General Fund in 2016 and 2015. We have modified the opinion in the Independent Auditor's Report accordingly. These receipts represent 100 percent of receipts of the Fiduciary Fund Type for the years ended December 31, 2016 and 2015, and 34 percent of receipts of the General Fund for both years ended December 31, 2016 and 2015.

Inadequate supporting documentation eliminates a significant control point, obscures the audit trail and provides opportunity for errors and irregularities to occur and not be detected by management in a timely manner. Due to the lack of incomplete supporting documentation, completeness could not be determined over Mayor's Court.

The Mayor's Court Clerk should complete a monthly disbursement spreadsheet showing collections, book balance, and disbursements for each month. This spreadsheet should include the following information:

- Payee
- Amount received
- Date received
- Case Number
- Allocation of amount received
- Total due to various agencies
- Check #, date, amount, and payee for monthly disbursements
- Reconciliation of bank to book balance

Further, all supporting documentation for each payment received should be maintained include a copy of the duplicate receipt and/or copy of credit card receipt.

**Officials' Response:** The Village currently maintains mayor's court records including a cashbook.

**FINDING NUMBER 2016-006**

**Material Weakness**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-006 (Continued)**

**Material Weakness (Continued)**

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared in a timely manner. March 2016 reconciliation was completed on May 2, 2016. The December 2016 reconciliation was completed on February 11, 2017. Monthly reconciliations for January through March 2015 were reconciled on April 20, 2015. June and July 2015 were reconciled on August 30, 2015. August 2015 was not reconciled until October 11, 2015. Further, the Village had a Police Department Seized Drug Money bank account for both 2015 and 2016 in which the activity for this account was not recorded in UAN for either year. The account had a balance of \$1,294 and \$760 at December 31, 2016 and 2015, respectively.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Village Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:** The Fiscal Officer will perform timely reconciliations and report monthly to Council.

**FINDING NUMBER 2016-007**

**Material Weakness**

In our audit engagement letter, as required by AU-C § 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C § 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

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

**FINDING NUMBER 2016-007 (Continued)**

**Material Weakness (Continued)**

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

At December 31, 2016, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

	Approved	UAN System	Variance
General Fund	\$796,219	\$ 800,000	\$ (3,781)
Police Disability and Pension Fund	16,461	5,000	11,461
Fire Fund	75,856	72,000	3,856
Street Light Fund	18,354	19,300	(946)

At December 31, 2015, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

	Approved	UAN System	Variance
Water Operating Fund	\$410,950	\$ 436,122	\$(25,172)

At December 31, 2016, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

	Approved	UAN System	Variance
General Fund	\$ 876,472	\$ 841,516	\$ 34,956
Permissive Motor Vehicle License Tax Fund	-	12,355	(12,355)
Fire Fund	127,920	137,920	(10,000)
Mayor's Court Computer Fee Fund	30,764	22,000	8,764
Capital Projects Fund	96,152	95,152	1,000
Permanent Beech Grove Cemetery Fund	2,513	-	2,513
Meter Deposit Fund	25,000	20,000	5,000

At December 31, 2015, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

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

**FINDING NUMBER 2016-007 (Continued)**

**Material Weakness (Continued)**

	Approved	UAN System	Variance
Street Construction, Maintenance, and Repa	\$ 60,000	\$ 99,359	\$ (39,359)
Federal Grant Fund	15,352	-	15,352
FEMA 4002-DR-105-64024 Fund	-	6,240	(6,240)
Permissive Motor Vehicle License Tax Fund	-	1,205	(1,205)
Fire Fund	68,518	76,530	(8,012)
Mayor's Court Computer Fee Fund	23,272	21,272	2,000
Capital Projects Fund	8,965	20,000	(11,035)
Water Operating Fund	410,950	436,122	(25,172)
Sewer Operating Fund	216,775	258,600	(41,825)
Meter Deposits Fund	25,000	10,000	15,000

In addition, the Capital Projects appropriations of \$20,000 at December 31, 2015 were incorrectly reported under the Permanent fund type in the notes to the financial statements.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could and did lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Officials' Response:** The Village will use correct budgeting practices and will provide the County Auditor and Budget Commission with necessary reports for certification.

**FINDING NUMBER 2016-008**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-008 (Continued)**

**Material Weakness (Continued)**

The following errors were noted in the financial statements that required audit adjustment or reclassification:

In 2015:

- General Fund January 1, 2015 beginning fund balance was understated \$24,112 due to audit adjustments from the 2012-2014 audit made twice;
- General Fund January 1, 2015 beginning fund balance was overstated \$288,267 due to a fund balance adjustment of the FEMA Fund balance;
- General Fund January 1, 2015 beginning fund balance was overstated \$1,590 due to the Unclaimed Monies Fund prior audit adjustment made twice;
- General Fund January 1, 2015 beginning fund balance was overstated \$129 due to a fund balance adjustment being recorded twice;
- General Fund transfers in were understated \$120,220 to record the FEMA fund transfer based on the correct FEMA fund balance at December 31, 2014;
- General Fund transfers out were overstated \$168,047 due to 2012-2014 audit adjustments being posted twice that overstated the FEMA Fund balance;
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts and outstanding encumbrances at year end. The Village improperly reported the assigned portion of the General Fund's cash fund balance as unassigned, in the amount of \$80,253;
- General Fund other debt proceeds and capital outlay disbursements of \$27,999 were unrecorded;
- Street Construction, Maintenance, and Repair Fund January 1, 2015 beginning fund balance was understated \$52,828 due to the 2012-2014 audit adjustments recorded twice;
- Street Construction, Maintenance, and Repair Fund transfers in were overstated \$42,012 due to the fund balance being overstated due to the 2012-2014 audit adjustments recorded twice;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts and capital outlay disbursements were understated \$460,513 due to OPWC activity not recorded;
- State Highway Fund January 1, 2015 beginning fund balance was overstated \$9,348 due to the 2012-2014 audit adjustments recorded twice;
- Cemetery Fund January 1, 2015 beginning fund balance was understated \$4,900 due to the 2012-2014 audit adjustments recorded twice;
- Parks and Recreation Fund January 1, 2015 beginning fund balance was overstated \$1,034 due to the 2012-2014 audit adjustments recorded twice;
- Federal Grant Fund January 1, 2015 beginning fund balance was overstated \$12,848 due to the 2012-2014 audit adjustments recorded twice;
- FEMA Fund January 1, 2015 beginning fund balance was overstated \$168,047 due to the 2012-2014 audit adjustments recorded twice;
- Permissive Motor Vehicle License Tax Fund January 1, 2015 beginning fund balance was overstated \$5,925 due to the 2012-2014 audit adjustments recorded twice;
- Police Disability and Pension Fund January 1, 2015 beginning fund balance was overstated \$7,475 due to the 2012-2014 audit adjustments recorded twice;

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-008 (Continued)**

**Material Weakness (Continued)**

- Fire Fund January 1, 2015 beginning fund balance was overstated \$17,262 due to the 2012-2014 audit adjustments recorded twice;
- Street Light January 1, 2015 beginning fund balance was overstated \$30,038 due to the 2012-2014 audit adjustments recorded twice;
- Mayor's Court Computer January 1, 2015 beginning fund balance was overstated \$5,732 due to the 2012-2014 audit adjustments recorded twice;
- FEMA 4002-DR-105-64024 Fund January 1, 2015 beginning fund balance was understated \$288,267 due to the 2012-2014 audit adjustments recorded twice;
- FEMA 4002-DR-105-64024 Fund transfers out were understated \$120,220 due to the correction of the fund balance adjustment approved by Council;
- Capital Projects Fund January 1, 2015 beginning fund balance was overstated \$44,799 due to the 2012-2014 audit adjustments recorded twice;
- Beech Grove Cemetery Fund January 1, 2015 beginning fund balance was understated \$36,269 due to the 2012-2014 audit adjustments recorded twice;
- Water Operating Fund contractual services were overstated \$873 due to a check voided from a prior year;
- Water Operating Fund January 1, 2015 beginning fund balance was overstated \$28,787 due to the 2012-2014 audit adjustments recorded twice;
- Water Operating Fund contractual services were overstated \$163 due to a voided check from a prior year;
- Water Operating Fund intergovernmental receipts and principal retirement disbursement of \$301,535 were unrecorded due to OWDA loan principal forgiveness;
- Water Operating Fund other debt proceeds and capital outlay disbursements of \$881,180 were unrecorded;
- Water Operating Fund other debt proceeds of \$88,656 were incorrectly recorded as capital contributions;
- Sewer Operating Fund January 1, 2015 beginning fund balance was understated \$220,441 due to the 2012-2014 audit adjustments recorded twice;
- Sewer Operating Fund transfer in was overstated \$126,035 due to the 2012-2014 audit adjustments recorded twice;
- Sewer Operating Fund capital contributions of \$43,298 were incorrectly recorded as other debt proceeds;
- Sewer Operating Fund other debt proceeds and debt service principal retirement disbursements of \$18,250 were unrecorded;
- Meter Deposit Fund January 1, 2015 beginning fund balance was overstated \$5,468 due to the 2012-2014 audit adjustments recorded twice; and
- Mayor's Court Agency Fund January 1, 2015 beginning fund balance was understated \$54,192 and other non-operating receipts of \$282,967 and other non-operating disbursements of \$255,256 were unrecorded.

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-008 (Continued)**

**Material Weakness (Continued)**

In 2016:

- General Fund January 1, 2016 beginning fund balance was understated \$1,591 due to the Village Fiscal Officer not routing the Unclaimed Monies Fund to be reported in the General Fund as nonspendable during the year end closeout;
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Village improperly reported the assigned portion of the General Fund's cash fund balance as unassigned, in the amount of \$11,516;
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.177 requires reporting amounts as unassigned when fund balance has not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The Village improperly reported the unassigned portion of the General Fund's cash fund balance as nonspendable, in the amount of \$50,284;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts and capital outlay disbursements were understated \$318,770 due to OPWC activity not recorded;
- FEMA Fund intergovernmental receipts and capital outlay disbursements of \$114,493 were unrecorded;
- Water Operating Fund intergovernmental receipts and principal retirement disbursement of \$48,127 was unrecorded;
- Water Operating Fund other debt proceeds and capital outlay disbursements of \$149,118 were unrecorded;
- Sewer Operating Fund other debt proceeds and capital outlay disbursements of \$130,923 were unrecorded;
- Sewer Operating Fund capital contributions of \$43,165 were incorrectly posted as other debt proceeds;
- Unclaimed Monies Fund January 1, 2016 beginning fund balance was overstated \$3,181 due to prior year audit adjustments recorded twice and not properly recording ending fund balance to the General Fund as nonspendable; and
- Mayor's Court Agency Fund January 1, 2015 beginning fund balance was understated \$81,903 and other non-operating receipts of \$281,017 and other non-operating disbursements of \$265,597 were unrecorded.

The Fiscal Officer made classification errors in posting of receipts. This caused the incorrect postings and unrecorded receipts and disbursements noted above.

The audited financial statements and the Village's UAN accounting system have been adjusted for the items noted above.

VILLAGE OF POMEROY  
MEIGS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)

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

FINDING NUMBER 2016-008 (Continued)

**Material Weakness (Continued)**

The Fiscal Officer should review the Village handbook for guidance to ensure the financial statements are complete and accurate. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper reporting of fund balances on the financial statements.

**Officials' Response:** The Fiscal Officer will follow this recommendation and review the Village Handbook for guidance.



# THE VILLAGE OF POMEROY

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2016 AND 2015

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Material weakness of posting receipts and disbursement and classification of fund balances.	Not Corrected.	This issue will be corrected.
2014-002	Material weakness – Bank reconciliations were not prepared.	Not Corrected.	All bank accounts are being reconciled currently.
2014-003	Ohio Rev. Code § 9.38 – Deposits not made timely	Not Corrected.	Revenue will be deposited in a more timely manner.
2014-004	Ohio Rev. Code § 121.22 (C) – Failure to maintain record of minutes.	Not Corrected.	All meeting minutes are currently being presented for approval and are being maintained.
2014-005	Ohio Rev. Code § 145.47 – Failure to remit OPERS payments timely	Not Corrected.	OPERS reports and payments are currently being remitted in a timely manner.
2014-006	Ohio Rev. Code § 149.351(A) – Failure to maintain supporting documentation.	Not Corrected.	The Fiscal Officer is currently including supporting documentation with all transactions.
2014-007	Ohio Rev. Code § 733.40 – Failure to remit timely and to maintain an agency fund to record activity.	Finding no Longer Valid.	
2014-008	Ohio Rev. Code § 742.25 – OP&F withholdings not remitted timely.	Not Corrected.	OP&F reports and payments are currently being remitted in a timely manner.
2014-009	Ohio Rev. Code § 5705.10(I) – Deficit fund balances.	Not Corrected.	The Village will develop a plan to correct all deficit fund balances.
2014-010	Ohio Rev. Code § 5705.36(A)(1) – Failure to certify Total amount from all sources available for expenditures.	No Longer Warranting Further Action.	

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-011	Ohio Rev. Code § 5705.38 – Failure to file appropriations. Ohio Admin. Code § 117-2-02-(C)(1) – Failure to approve appropriations at legal level of control. Ohio Rev. Code § 5705.41(B) – Disbursements exceeded appropriations.	Not Corrected.	The Village will use correct budgeting practices and will provide the County Auditor and Budget Commission with necessary reports for certifications.
2014-012	Ohio Rev. Code § 5705.41(D) – Not properly encumbering funds.	Not Corrected.	The Village will correctly encumber funds.
2014-013	26 U.S.C § 3402 and Ohio Rev. Code § 5747.06 – Failure to remit timely IRS withholdings.	Corrected.	
2014-014	Significant deficiency – Board approved estimated receipts and appropriations did not agree to amounts entered in UAN system.	Not Corrected.	The Fiscal Officer will enter correct amounts into the UAN software system.
2014-015	Significant deficiency – Internal Controls over Disbursements for manual checks, checks signed by Fiscal Officer only, and late fees.	Partially Corrected	The Fiscal Officer will ensure that no checks are hand written and will disburse payments and/or withholdings to avoid late fees.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF POMEROY**

**MEIGS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/29/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)