

**VILLAGE OF POMEROY  
MEIGS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1998-1997**

VILLAGE OF POMEROY  
MEIGS COUNTY  
JANUARY 1, 1997 THROUGH DECEMBER 31, 1998

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Report of Independent Accountants

Mayor and Members of Village Council  
Village of Pomeroy  
Meigs County  
320 E. Main Street  
Pomeroy, Ohio 45769

We have audited the accompanying financial statements of the Village of Pomeroy, Meigs County, (the Village) as of and for the years ended December 31, 1998 and December 31, 1997. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Pomeroy, Meigs County, as of December 31, 1998 and December 31, 1997, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 9, the Village reclassified its ARC Grant Fund during 1997.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Village of Pomeroy  
Meigs County  
Report of Independent Accountants  
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This report is intended solely for the information and use of management, the Mayor, members of the Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



JIM PETRO  
Auditor of State

January 28, 2000

VILLAGE OF POMEROY  
MEIGS COUNTY

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

	Governmental Fund Types				Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Expendable Trust	
<b>Cash receipts:</b>						
Property tax and other local taxes	\$345,127	\$86,674	\$0	\$0	\$5,029	\$436,830
Intergovernmental receipts	110,968	144,199	0	20,513	510	276,190
Charges for services	18,464	13,810	0	0	0	32,274
Fines, licenses, and permits	88,793	6,075	0	0	0	94,868
Earnings on investments	6,999	3,394	98	0	0	10,491
Miscellaneous	45,614	14,469	6,000	0	0	66,083
<b>Total cash receipts</b>	<b>615,965</b>	<b>268,621</b>	<b>6,098</b>	<b>20,513</b>	<b>5,539</b>	<b>916,736</b>
<b>Cash disbursements:</b>						
<b>Current:</b>						
Security of persons and property	319,136	105,377	0	0	6,801	431,314
Public health services	0	11,178	0	0	0	11,178
Leisure time activities	0	3,990	0	0	0	3,990
Community environment	35,979	0	0	0	0	35,979
Basic utility services	5,572	72,961	0	0	0	78,533
Transportation	0	179,730	0	0	0	179,730
General government	102,073	0	0	0	0	102,073
<b>Debt service:</b>						
Principal payments	3,245	15,143	4,000	0	0	22,388
Interest payments	3,552	1,352	2,000	0	0	6,904
Capital outlay	0	57,586	0	14,813	0	72,399
<b>Total cash disbursements</b>	<b>469,557</b>	<b>447,317</b>	<b>6,000</b>	<b>14,813</b>	<b>6,801</b>	<b>944,488</b>
<b>Total cash receipts over/(under) cash disbursements</b>	<b>146,408</b>	<b>(178,696)</b>	<b>98</b>	<b>5,700</b>	<b>(1,262)</b>	<b>(27,752)</b>
<b>Other financing sources/(uses):</b>						
Sale of Bonds or notes	0	57,586	0	0	0	57,586
Sale of fixed assets	725	2,614	0	0	0	3,339
Transfers-in	0	120,000	0	0	0	120,000
Transfers-out	(120,000)	0	0	0	0	(120,000)
<b>Total other financing sources/(uses)</b>	<b>(119,275)</b>	<b>180,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,925</b>
<b>Excess of cash receipts and other financing sources over/(under) cash disbursements and other financing uses</b>	<b>27,133</b>	<b>1,504</b>	<b>98</b>	<b>5,700</b>	<b>(1,262)</b>	<b>33,173</b>
<b>Fund cash balances, January 1, 1998</b>	<b>62,651</b>	<b>94,649</b>	<b>384</b>	<b>(5,700)</b>	<b>5,604</b>	<b>157,588</b>
<b>Fund cash balances, December 31, 1998</b>	<b>\$89,784</b>	<b>\$96,153</b>	<b>\$482</b>	<b>\$0</b>	<b>\$4,342</b>	<b>\$190,761</b>
<b>Reserves for encumbrances, December 31, 1998</b>	<b>\$312</b>	<b>\$1,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,612</b>

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

VILLAGE OF POMEROY  
MEIGS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS -  
FOR THE YEAR ENDED DECEMBER 31, 1998

	Proprietary	Fiduciary Funds		Total (Memorandum Only)
	Fund Type	Nonexpendable Trust	Agency	
	Enterprise			
Operating cash receipts:				
Charges for services	\$409,460	\$0	\$0	\$409,460
Miscellaneous	5,083	12	0	5,095
Total operating cash receipts	414,543	12	0	414,555
Operating cash disbursements:				
Personal services	141,322	0	0	141,322
Supplies and materials	181,693	0	0	181,693
Capital outlay	8,807	0	0	8,807
Total operating cash disbursements	331,822	0	0	331,822
Operating income/(loss)	82,721	12	0	82,733
Non-operating cash receipts:				
Other non-operating receipts	0	0	103,672	103,672
Total non-operating cash receipts	0	0	103,672	103,672
Non-operating cash disbursements:				
Debt service	53,908	0	0	53,908
Other non-operating cash disbursements	8,318	182	103,160	111,660
Total non-operating cash disbursements	62,226	182	103,160	165,568
Net income/(loss)	20,495	(170)	512	20,837
Fund cash balances, January 1, 1998	77,187	45,439	6,605	129,231
Fund cash balances, December 31, 1998	\$97,682	\$45,269	\$7,117	\$150,068
Reserve for encumbrances, December 31, 1998	\$0	\$0	\$0	\$0

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

VILLAGE OF POMEROY  
MEIGS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1997

	Governmental Fund Types				Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Expendable Trust	
<b>Cash receipts:</b>						
Property tax and other local taxes	\$332,797	\$87,939	\$0	\$0	\$5,101	\$425,837
Intergovernmental receipts	86,523	182,084	0	157,850	513	426,970
Charges for services	16,921	14,905	0	0	0	31,826
Fines, licenses, and permits	63,267	5,644	0	0	0	68,911
Earnings on investments	9,370	2,204	104	0	0	11,678
Miscellaneous	9,684	5,351	6,000	9,353	0	30,388
<b>Total cash receipts</b>	<b>518,562</b>	<b>298,127</b>	<b>6,104</b>	<b>167,203</b>	<b>5,614</b>	<b>995,610</b>
<b>Cash disbursements:</b>						
<b>Current:</b>						
Security of persons and property	277,989	94,507	0	0	2,848	375,344
Public health services	0	13,632	0	0	0	13,632
Leisure time activities	0	1,379	0	0	0	1,379
Basic utility services	6,647	0	0	0	0	6,647
Transportation	0	240,892	0	0	0	240,892
General government	118,824	0	0	0	0	118,824
<b>Debt service:</b>						
Principal payments	3,187	42,461	4,000	0	0	49,648
Interest payments	3,554	2,539	2,200	0	0	8,293
Capital outlay	0	0	0	291,054	0	291,054
<b>Total cash disbursements</b>	<b>410,201</b>	<b>395,410</b>	<b>6,200</b>	<b>291,054</b>	<b>2,848</b>	<b>1,105,713</b>
<b>Total cash receipts over/(under) cash disbursements</b>	<b>108,361</b>	<b>(97,283)</b>	<b>(96)</b>	<b>(123,851)</b>	<b>2,766</b>	<b>(110,103)</b>
<b>Other financing sources/(uses):</b>						
Sale of fixed assets	1,506	0	0	0	0	1,506
Transfers-in	0	80,000	0	0	0	80,000
Transfers-out	(80,000)	0	0	0	0	(80,000)
<b>Total other financing sources/(uses)</b>	<b>(78,494)</b>	<b>80,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,506</b>
<b>Excess of cash receipts and other financing sources over/(under) cash disbursements and other financing uses</b>	<b>29,867</b>	<b>(17,283)</b>	<b>(96)</b>	<b>(123,851)</b>	<b>2,766</b>	<b>(108,597)</b>
<b>Fund cash balances, January 1, 1997</b>	<b>32,784</b>	<b>111,932</b>	<b>480</b>	<b>118,151</b>	<b>2,838</b>	<b>266,185</b>
<b>Fund cash balances, December 31, 1997</b>	<b>\$62,651</b>	<b>\$94,649</b>	<b>\$384</b>	<b>(\$5,700)</b>	<b>\$5,604</b>	<b>\$157,588</b>
<b>Reserves for encumbrances, December 31, 1997</b>	<b>\$3,813</b>	<b>\$1,760</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,573</b>

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

VILLAGE OF POMEROY  
MEIGS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS -  
FOR THE YEAR ENDED DECEMBER 31, 1997

	Proprietary	Fiduciary Funds		Total (Memorandum Only)
	Fund type	Nonexpendable	Agency	
	Enterprise	Trust		
Operating cash receipts:				
Charges for services	\$426,577	\$0	\$0	\$426,577
Miscellaneous	1,005	310	0	1,315
Total operating cash receipts	427,582	310	0	427,892
Operating cash disbursements:				
Personal services	119,205	0	0	119,205
Contractual services	11,137	0	0	11,137
Supplies and materials	244,966	0	0	244,966
Capital outlay	6,990	0	0	6,990
Total operating cash disbursements	382,298	0	0	382,298
Operating income/(loss)	45,284	310	0	45,594
Non-operating cash receipts:				
Other non-operating receipts	0	0	74,939	74,939
Total non-operating cash receipts	0	0	74,939	74,939
Non-operating cash disbursements:				
Debt service	88,790	0	0	88,790
Other non-operating cash disbursements	6,952	0	76,974	83,926
Total non-operating cash disbursements	95,742	0	76,974	172,716
Net income/(loss)	(50,458)	310	(2,035)	(52,183)
Fund cash balances, January 1, 1997	127,645	45,129	8,640	181,414
Fund cash balances, December 31, 1997	\$77,187	\$45,439	\$6,605	\$129,231
Reserve for encumbrances, December 31, 1997	\$0	\$0	\$0	\$0

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

VILLAGE OF POMEROY  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Pomeroy, 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. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of roads, fire protection, police protection, and cemetery maintenance.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. The U.S. Savings Bond is carried at face value.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Federal Emergency Management Agency (FEMA) Fund - This fund receives monies from the Federal Emergency Management Agency to provide flood relief to the Village.

Utility Fund- This fund receives property tax money for operating Village street lights.

VILLAGE OF POMEROY  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

COPS Fast Fund - This fund receives federal monies to be used for payment of police officers in the Village.

Fire Fund - This fund receives property tax moneys to be used to provide fire protection and equipment.

Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness for general obligations. The Village had the following significant Debt Service Fund:

Building Fund - This fund receives rent payments which are applied to the loan on the Village building.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Amphitheater Fund - This fund received grant monies for the construction of an amphitheater.

Downtown Revitalization - This fund received grant monies for the beautification of the Village's downtown area and stores.

Enterprise Funds

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

Water Fund - This fund received charges for services from residents to cover the cost to provide this utility.

Sewer Fund - This fund received charges for services from residents to cover the cost to provide this utility.

Fiduciary Funds (Trust and Agency Funds)

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

Police Pension Fund - This Expendable Trust Fund receives property tax monies to pay the employer's share of the Public Employees Retirement System for the Village police officers.

VILLAGE OF POMEROY  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds (Trust and Agency Funds) (Continued)

Cemetery Endowment and Cemetery Perpetual Care - These Nonexpendable Trust Funds of these funds receive donations and bequests for the continued maintenance of the Village cemetery.

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

E. Budgetary Process

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

Appropriations

Budgetary expenditures (i.e., 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 must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year fund cash balances. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 1998 and 1997 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. Equity in Pooled Cash and Investments

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

VILLAGE OF POMEROY  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

2. Equity in Pooled Cash and Investments (Continued)

	<u>1998</u>	<u>1997</u>
Demand Deposits	\$254,102	\$201,003
Certificates of Deposit	78,783	78,383
Mayor's Court Demand Account	7,118	6,605
U.S. Savings Bond	500	500
Petty Cash	<u>326</u>	<u>328</u>
Total	<u>\$340,829</u>	<u>\$286,819</u>

Deposits and Investments

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 1998 and December 31, 1997, follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$561,289	\$616,690	\$55,401
Special Revenue	448,677	448,821	144
Debt Service	6,000	6,098	98
Capital Projects	21,303	20,513	(790)
Enterprise	415,500	414,543	(957)
Expendable Trust	5,278	5,539	261
Nonexpendable Trust	<u>350</u>	<u>12</u>	<u>(338)</u>
Total	<u>\$1,458,397</u>	<u>\$1,512,216</u>	<u>\$53,819</u>

VILLAGE OF POMEROY  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

3. Budgetary Activity (Continued)

1998 Budgeted vs. Actual Budgetary Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$620,128	\$589,869	\$30,259
Special Revenue	519,441	448,617	70,824
Debt Service	6,384	6,000	384
Capital Projects	15,415	14,813	602
Enterprise	486,262	394,048	92,214
Expendable Trust	10,583	6,801	3,782
Nonexpendable Trust	<u>46,114</u>	<u>182</u>	<u>45,932</u>
Total	<u>\$1,704,327</u>	<u>\$1,460,330</u>	<u>\$243,997</u>

1997 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$515,880	\$520,068	\$4,188
Special Revenue	394,059	378,127	(15,932)
Debt Service	6,200	6,104	(96)
Capital Projects	176,003	167,203	(8,800)
Enterprise	421,690	427,582	5,892
Expendable Trust	7,150	5,614	(1,536)
Nonexpendable Trust	<u>0</u>	<u>310</u>	<u>310</u>
Total	<u>\$1,520,982</u>	<u>\$1,505,008</u>	<u>(\$15,974)</u>

VILLAGE OF POMEROY  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

3. Budgetary Activity (Continued)

1997 Budgeted vs. Actual Budgetary Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$546,150	\$494,014	\$52,136
Special Revenue	490,713	397,170	93,543
Debt Service	6,200	6,200	0
Capital Projects	294,154	291,054	3,100
Enterprise	548,157	478,040	70,117
Expendable Trust	9,988	2,848	7,140
Nonexpendable Trust	<u>45,454</u>	<u>0</u>	<u>45,454</u>
Total	<u>\$1,940,816</u>	<u>\$1,669,326</u>	<u>\$271,490</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 1998 was as follows:

VILLAGE OF POMEROY  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

5. Debt (Continued)

	Principal	Interest Rate
General Obligation Bonds - Water	\$205,000	5.25%
General Obligation Note - Building	\$36,000	5.00%
General Obligation Note - Property	\$45,341	Variable
General Obligation Note - Dump Truck	<u>\$55,072</u>	5.50%
Total Outstanding Debt at December 31, 1998	<u>\$341,413</u>	

The general obligation bonds were used to construct water wells. The bonds were for \$240,000 and will be repaid in annual installments of \$15,000 - \$25,000, plus interest, through 2007.

The building note was for the purchase of property. The loan was for \$100,000 and will be repaid in annual installments of \$4,000, plus interest, through 2007.

The property note was for the purchase of property. This loan was for \$62,272 and will be repaid in monthly installments of \$562, including interest, through 2008.

The dump truck note was for the purchase of a dump truck. This loan was for \$57,596 and will be repaid in monthly installments of \$1,100, including interest, through 2003.

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

<u>Year ending</u> <u>December 31</u>	<u>Water</u> <u>Bonds</u>	<u>Building</u> <u>Note</u>	<u>Property</u> <u>Note</u>	<u>Dump Truck</u> <u>Note</u>	<u>Total</u>
1999	30,763	5,800	6,741	13,202	56,506
2000	29,713	5,600	6,741	13,202	55,256
2001	28,663	5,400	6,741	13,202	54,006
2002	27,613	5,200	6,741	13,202	52,756
2003 - 2008	<u>144,688</u>	<u>23,000</u>	<u>35,254</u>	<u>9,899</u>	<u>212,841</u>
Total	<u>\$261,440</u>	<u>\$45,000</u>	<u>\$62,218</u>	<u>\$62,707</u>	<u>\$431,365</u>

6. Retirement System

The Village's full-time police officers belong to the Police and Firemen's Disability and Pension Fund (PFDPF). All other employees, including the Clerk and Council members, belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

VILLAGE OF POMEROY  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

6. Retirement System (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1997, members of PFDPF contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% of their gross salaries. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1998.

7. Risk Management

The Village has obtained commercial insurance for the following risks:

- General Liability
- Vehicle
- Property
- Inland Marine

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

8. Year 2000

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the Village's operations as early as fiscal year 1999.

The Village has completed an inventory of computer systems and other equipment necessary to conducting Village operations:

- The Village uses a packaged utility billing program on its computer system. Validation and testing of this software and computer system have been completed.
- Tax collection for the Village is handled by Meigs County. The County is responsible for remediating the system, and is solely responsible for any costs associated with this project.
- The State of Ohio distributes a substantial sum of money to the Village in the form of motor vehicle license tax and gasoline tax payments. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village is or will be Year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be Year 2000 ready.

VILLAGE OF POMEROY  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

9. Fund Reclassification

The Village reclassified its Amphitheater ARC Grant Fund from a Special Revenue Fund to a Capital Projects Fund as of January 1, 1997. In the 1996 audited financial statements, this fund was included in the Special Revenue Fund Type. A prior period adjustment is necessary to reflect the beginning balance in the Capital Projects Fund Type on the 1997 audited financial statements. Also, the Mayor's Court Agency Fund was omitted from the prior audited financial statements. A prior period adjustment is necessary to reflect the beginning balance in the Agency Fund Type on the 1997 audited financial statements. The adjustments are as follows:

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Agency</u>
December 31, 1996 Fund Type Balance	\$201,431	\$28,651	\$0
Prior Period Adjustment	<u>(89,500)</u>	<u>89,500</u>	<u>8,640</u>
January 1, 1997 Fund Type Balance	<u>\$111,931</u>	<u>\$118,151</u>	<u>\$8,640</u>



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**Report on Compliance and on Internal Control**  
**Required by Government Auditing Standards**

Mayor and Members of Village Council  
Village of Pomeroy  
Meigs County  
320 E. Main Street  
Pomeroy, Ohio 45769

We have audited the financial statements of the Village of Pomeroy, Meigs County, (the Village) as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated January 28, 2000, wherein we noted that the Village reclassified its ARC Grant Fund. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1998-30753-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated January 28, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1998-30753-001.

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable condition item 1998-30753-001 described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated January 28, 2000.

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



JIM PETRO  
Auditor of State

January 28, 2000

VILLAGE OF POMEROY  
MEIGS COUNTY, OHIO  
SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

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

Finding Number

1998-30753-001

Ohio Rev. Code Section 2933.41 states in part that each law enforcement agency that has custody of any property that is subject to this section shall adopt a written internal control policy that addresses the keeping of detailed records as to the amount of property taken in by the agency, that addresses of the agency's disposition of the property under this section, that provides for the keeping of detailed records of the disposition of the property, and that provides for keeping of detailed financial records of the amount and disposition of any proceeds of a sale of property under division (D)(8) of this section and of the general types of expenditures made out of the proceeds retained by the agency and the specific amount expended on each general type of expenditure. The policy shall not provide for or permit the identification of any specific expenditure that is made in an ongoing investigation. The policy is a public record open for inspection under Section 149.43 of the Revised Code.

Ohio Rev. Code Section 2933.41 further states that each law enforcement agency that, during any calendar year, has seized or forfeited property as described in division (A)(1) of this section in its custody shall prepare a report covering the calendar year that cumulates all of the information contained in all of the records kept by the agency pursuant to this division for the calendar year and shall send a copy of the cumulative report, no later than the first day of March in the calendar year following the calendar year covered by the report, to the Attorney General. Each report received by the Attorney General is a public record open for inspection under Section 149.43 of the Revised Code.

The Village did not have the required internal control policy, nor did the Village submit the required report to the Attorney General.

A case was reviewed where a vehicle, a firearm, and cash were ordered forfeited to the Village. The vehicle was sold by the Village via sealed bids, but the cash and the firearm were not accounted for. The firearm was not located in the Police Department's evidence locker. There was no documentation as to where the firearm was located. There was no record of the cash, other than a notation of the amount in the case file.

Proper recording and security of property will help prevent irregularities from occurring, and provides a better audit trail. We recommend that the whereabouts of all property received be properly accounted for at all times. In addition, any weapons should be held in close security, with limited access to them.

All evidence held should be properly identified and accounted for. Upon review of the Police Department's evidence locker, it was noted that all items may not have been properly identified. There was no log maintained as to what evidence was located in the locker.

An evidence log will provide a vehicle to help maintain proper accountability for evidence. We recommend that an evidence locker log be initiated and maintained. The log should identify each piece of evidence in the locker as to the description and related case number, the date it was placed there, who placed it there, what date it was removed, and who removed it. This is in addition to any record required to be maintained with each individual piece of evidence to maintain the "chain of evidence".



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VILLAGE OF POMEROY  
MEIGS COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*  
Clerk of the Bureau

Date: FEB 08 2000