



**Auditor of State
Betty Montgomery**

VILLAGE OF POMEROY
MEIGS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Pomeroy, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments

We believe that our audit provide a reasonable basis for our opinion.

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

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 Village of Pomeroy, Meigs County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 8, 2004

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$376,407	\$87,517	\$463,924
Intergovernmental Receipts	152,069	682,069	834,138
Charges for Services	17,225	16,445	33,670
Fines, Licenses, and Permits	135,276	9,478	144,754
Earnings on Investments	2,321	334	2,655
Miscellaneous	179,025	18,418	197,443
	<u>862,323</u>	<u>814,261</u>	<u>1,676,584</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	401,130	76,713	477,843
Public Health Services		14,071	14,071
Leisure Time Activities		22,426	22,426
Basic Utility Services	8,807	17,117	25,924
Transportation		209,285	209,285
General Government	144,179	38,531	182,710
Debt Service:			
Principal Payments	17,615	52,664	70,279
Interest Payments	6,357	12,095	18,452
Capital Outlay	80,510	813,132	893,642
	<u>658,598</u>	<u>1,256,034</u>	<u>1,914,632</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>203,725</u>	<u>(441,773)</u>	<u>(238,048)</u>
Other Financing Receipts/(Disbursements):			
Sale of Bonds or Notes	50,000	305,500	355,500
Transfers-In		150,500	150,500
Advances-In	46,178	39,178	85,356
Transfers-Out	(150,500)		(150,500)
Advances-Out	(39,178)	(46,178)	(85,356)
Other Financing Sources	11,000	33,521	44,521
	<u>(82,500)</u>	<u>482,521</u>	<u>400,021</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	121,225	40,748	161,973
Fund Cash Balances, January 1	<u>89,200</u>	<u>124,559</u>	<u>213,759</u>
Fund Cash Balances, December 31	<u>\$210,425</u>	<u>\$165,307</u>	<u>\$375,732</u>
Reserves for Encumbrances, December 31	<u>\$967</u>	<u>\$395</u>	<u>\$1,362</u>

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$435,954	\$	\$	\$435,954
Earnings on Investments		1,419		1,419
Miscellaneous			194	194
Total Operating Cash Receipts	435,954	1,419	194	437,567
Operating Cash Disbursements:				
Personal Services	140,094			140,094
Fringe Benefits	48,283			48,283
Contractual Services	22,255			22,255
Supplies and Materials	142,104			142,104
Miscellaneous	5,954		12	5,966
Total Operating Cash Disbursements	358,690	0	12	358,702
Operating Income/(Loss)	77,264	1,419	182	78,865
Non-Operating Cash Receipts:				
Intergovernmental Receipts	19,096			19,096
Other Non-Operating Receipts			160,857	160,857
Total Non-Operating Cash Receipts	19,096	0	160,857	179,953
Non-Operating Cash Disbursements:				
Debt Service	60,152			60,152
Other Non-Operating Cash Disbursements			161,744	161,744
Total Non-Operating Cash Disbursements	60,152	0	161,744	221,896
Net Receipts Over/(Under) Disbursements	36,208	1,419	(705)	36,922
Fund Cash Balances, January 1	74,025	52,021	14,501	140,547
Fund Cash Balances, December 31	\$110,233	\$53,440	\$13,796	\$177,469
Reserve for Encumbrances, December 31	\$416			\$416

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$413,340	\$99,404	\$512,744
Intergovernmental Receipts	116,635	435,565	552,200
Charges for Services	19,324	16,470	35,794
Fines, Licenses, and Permits	148,557	27,179	175,736
Earnings on Investments	4,224	182	4,406
Miscellaneous	31,949	3,570	35,519
	<u>734,029</u>	<u>582,370</u>	<u>1,316,399</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	359,353	94,951	454,304
Public Health Services		17,769	17,769
Leisure Time Activities		333,899	333,899
Basic Utility Services	7,249	20,259	27,508
Transportation		166,426	166,426
General Government	192,466		192,466
Debt Service:			
Principal Payments	171,366	21,716	193,082
Interest Payments	5,791	4,299	10,090
Capital Outlay	39,626	31,500	71,126
	<u>775,851</u>	<u>690,819</u>	<u>1,466,670</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(41,822)</u>	<u>(108,449)</u>	<u>(150,271)</u>
Other Financing Receipts/(Disbursements):			
Sale of Bonds or Notes	200,000		200,000
Transfers-In		126,223	126,223
Advances-In	167,879	179,879	347,758
Transfers-Out	(126,223)		(126,223)
Advances-Out	(179,879)	(167,879)	(347,758)
Other Financing Sources	12,000		12,000
	<u>73,777</u>	<u>138,223</u>	<u>212,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	31,955	29,774	61,729
Fund Cash Balances, January 1	<u>57,245</u>	<u>94,785</u>	<u>152,030</u>
Fund Cash Balances, December 31	<u><u>\$89,200</u></u>	<u><u>\$124,559</u></u>	<u><u>\$213,759</u></u>

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$410,325	\$	\$	\$410,325
Earnings on Investments		1,589		1,589
Miscellaneous			210	210
Total Operating Cash Receipts	410,325	1,589	210	412,124
Operating Cash Disbursements:				
Personal Services	139,059			139,059
Fringe Benefits	46,515			46,515
Contractual Services	28,530			28,530
Supplies and Materials	233,345			233,345
Miscellaneous	6,835			6,835
Total Operating Cash Disbursements	454,284	0	0	454,284
Operating Income/(Loss)	(43,959)	1,589	210	(42,160)
Non-Operating Cash Receipts:				
Intergovernmental Receipts	99,560			99,560
Sale of Fixed Assets	8,290			8,290
Other Non-Operating Receipts			197,353	197,353
Total Non-Operating Cash Receipts	107,850	0	197,353	305,203
Non-Operating Cash Disbursements:				
Debt Service	61,676			61,676
Other Non-Operating Cash Disbursements			190,230	190,230
Total Non-Operating Cash Disbursements	61,676	0	190,230	251,906
Net Receipts Over/(Under) Disbursements	2,215	1,589	7,333	11,137
Fund Cash Balances, January 1	71,810	50,432	7,168	129,410
Fund Cash Balances, December 31	\$74,025	\$52,021	\$14,501	\$140,547

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Pomeroy, Meigs County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of roads, fire protection services, police services, water and sewer utilities, cemetery maintenance and park operations.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

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

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

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

River Dock Project State Grant Fund – This fund receives Ohio Department of Natural Resource money for building of River Dock Project.

Walkpath Project Grant Fund – This fund receives Ohio Department of Transportation monies for the building of the Walkpath Project.

3. Enterprise Funds

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

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

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

4. Fiduciary Funds (Trust and Agency Funds)

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

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

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$473,593	\$274,698
Certificates of deposit	78,783	78,783
Petty Cash	325	325
Total deposits	552,701	353,806
Treasury bonds	500	500
Total investments	500	500
Total deposits and investments	\$553,201	\$354,306

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$856,021	\$923,323	\$67,302
Special Revenue	755,707	1,303,782	548,075
Enterprise	443,555	455,050	11,495
Nonexpendable Trust	2,500	1,419	(1,081)
Total	\$2,057,783	\$2,683,574	\$625,791

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$952,827	\$810,065	\$142,762
Special Revenue	549,346	1,256,429	(707,083)
Enterprise	521,861	419,258	102,603
Total	\$2,024,034	\$2,485,752	(\$461,718)

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$931,048	\$946,029	\$14,981
Special Revenue	710,687	708,593	(2,094)
Enterprise	508,110	518,175	10,065
Nonexpendable Trust	408	1,589	1,181
Total	\$2,150,253	\$2,174,386	\$24,133

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$997,509	\$902,074	\$95,435
Special Revenue	802,864	690,819	112,045
Enterprise	579,920	515,960	63,960
Nonexpendable Trust	408	408	408
Total	\$2,380,701	\$2,108,853	\$271,848

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance and Repair Fund, Fire Fund, Walkpath Project Grant Fund, and Law Enforcement Trust Fund by \$30,722, 278,756, \$482,632, and \$9,817, respectively, for the year ended December 31, 2003 as well as Park and Recreation Fund and the Law Enforcement Trust Fund by \$742 and \$22,934, respectively, for the year ended December 31, 2002.

4. PROPERTY TAX

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

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

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

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. LOCAL INCOME TAX

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

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

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds - Water	\$100,000	5.25%
General Obligation Note - Building	16,000	5.00%
General Obligation Note - Property	24,197	Variable
General Obligation Note - Paving	43,885	5.75%
Ohio Public Works Commission Loan #1	152,977	2.00%
General Obligation Note - Tractor	1,855	4.62%
Ohio Public Works Commission Loan #2	73,355	2.00%
General Obligation Note - Capital Projects	66,809	6.00%
General Obligation Note - Walk Path Project	85,118	4.75%
Lease - Pumper Truck	272,487	3.95%
Total	<u><u>\$836,683</u></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. This loan was for \$100,000 and will be repaid in annual installments of \$4,000, plus interest, through 2007. The property note was for the purchase of property. This loan was for \$62,272. Due to the variable interest rate which changes in March of each year, the monthly payments as of March of 2003 were \$519. The paving note was for paving of Pomeroy streets. This loan was for \$82,000 and will be repaid in monthly installments of \$1,068, including interest through 2007. The Ohio Public Works Commission loan #1 was for the sewer project. The total amount of the loan awarded was \$175,000. This loan will be repaid in semi-annual installments of \$5,330, including interest through 2021. The tractor note was for the purchase of a tractor. This loan was for \$9,024 and will be repaid in monthly installments of \$269, including interest through 2004.

The Ohio Public Works Commission loan #2 was for a water main replacement. The total amount of the loan awarded was \$80,000. The loan will be repaid in semi-annual installments of \$2,436, including interest through 2021. The capital projects note was for a sewer line extension, the drilling of a new well and water line replacement. This loan was approved in the amount of \$130,000. As of December 31, 2001, \$110,000 has been drawn down on this loan. The loan will be paid in monthly installments of \$1,449, including interest through 2010. The scheduled payment below assumes the \$130,000 will be borrowed. The scheduled payment will be adjusted to reflect any revision in the amount actually borrowed. The walk path project note was for construction of walk path along Ohio River. This loan was for \$100,000 and will be repaid in monthly installments of \$1,052, including interest through 2012.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. DEBT (Continued)

The Village entered into a lease with Leasing 2 Inc, in 2003, for the purchase of a pumper truck to be used by the Village Fire Department. The original lease amount was for \$300,000 for ten years, with an annual payment of \$36,561 to begin in 2004. The lease is secured solely by the pumper truck. At the end of the lease, the Village assumes ownership of the pumper truck at no additional expense.

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

	Water Bonds	Building Note	Property Note	Paving Note	Ohio Public Works #1	Tractor Note
Year ending December 31:						
2004	\$30,250	\$4,800	\$6,210	\$12,812	\$10,659	\$1,885
2005	28,938	4,600	6,203	12,812	10,659	
2006	27,625	4,400	6,203	12,812	10,659	
2007	26,313	4,200	6,203	10,614	10,659	
2008			1,551		10,659	
2009 - 2013					61,486	
2014 - 2018					53,297	
2019 - 2021					26,649	
Total	<u>\$113,126</u>	<u>\$18,000</u>	<u>\$26,370</u>	<u>\$49,050</u>	<u>\$194,727</u>	<u>\$1,885</u>

	Ohio Public Works #2	Capital Projects Note	Walk Path Project	Pumper Truck Lease
Year ending December 31:				
2004	\$4,873	\$17,319	\$12,582	\$36,561
2005	4,873	17,319	12,582	36,561
2006	4,873	17,319	12,582	36,561
2007	4,873	17,319	12,582	36,561
2008	4,873	17,319	12,582	36,561
2009 - 2013	24,364	10,102	42,988	146,243
2014 - 2018	24,364			
2019 - 2021	14,760			
Total	<u>\$87,853</u>	<u>\$96,697</u>	<u>\$105,898</u>	<u>\$329,048</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

9. DEBT SERVICE TRUSTEED FUNDS

The Water Bonds agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2003, the custodian held \$76,000 in Village assets. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

10. CONTRACTS PAYABLE

The Village has one outstanding contract with Ameritcom, Inc. for the Water Treatment Plant Project. The original contract was for \$1,759,700 with a remaining balance of \$1,759,700 as of December 31, 2003.

11. RELATED PARTY

The Mayor and Council appointed a Magistrate, Charles Knight, on December 2, 2002 and approved his contract on December 14, 2002. Mr Welker, Council Member, is the step-son of the appointed Magistrate and voted on the contract of the appointed Magistrate.



**Auditor of State
Betty Montgomery**

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

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

To the Village Council:

We have audited the financial statements of Village of Pomeroy, Meigs County, Ohio (the Village), as of and for the year ended December 31, 2003 and 2002, and have issued our report thereon dated March 8, 2004 wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Governmental Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 8, 2004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 8, 2004.

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www.auditor.state.oh.us

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 8, 2004

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2003, expenditures exceeded appropriations in the Street Construction, Maintenance and Repair Fund, Fire Fund, Walkpath Project Grant Fund, and Law Enforcement Trust Fund by \$30,722, \$278,756, \$482,632, and \$9,817, respectively. Also, at December 31, 2002, expenditures exceeded appropriations in the Parks and Recreation Fund and the Law Enforcement Trust Fund by \$742 and \$22,934, respectively.

We recommend the Village Council and the Clerk/Treasurer periodically review their budgetary information to determine that expenditures did not exceed appropriations.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-001	Village Ordinance #665, dated April 17, 2000 was issued for Police Department not charging correct court cost.	Yes	Corrected.
2001-002	Reportable condition for not properly posting receipts	No	Partially Corrected – We have reported this matter to management of the Village in a separate letter dated March 8, 2004.
2001-003	Reportable condition for limited monitoring control procedures over the Village's Mayor's Court records.	No	Partially Corrected – We have reported this matter to management of the Village in a separate letter dated March 8, 2004.



**Auditor of State
Betty Montgomery**

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VILLAGE OF POMEROY

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 27, 2004**