

**VILLAGE OF POMEROY
MEIGS COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Pomeroy
320 East Main Street
P. O. Box 666
Pomeroy, Ohio 45769-0666

We have reviewed the *Independent Accountants' Report* of the Village of Pomeroy, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 18, 2008

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**VILLAGE OF POMEROY
MEIGS COUNTY**

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

June 30, 2008

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

To the Village Council:

We have audited the accompanying financial statements of the **Village of Pomeroy, Meigs County, Ohio**, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Village of Pomeroy
Meigs County
Independent Accountants' Report
Page 2

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006 or their changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Pomeroy, Meigs County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

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

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 56,677	\$ 96,074	\$ -	\$ 152,751
Municipal Income Taxes	383,294	-	-	383,294
Intergovernmental	244,373	283,736	-	528,109
Charges for Services	31,898	9,669	-	41,567
Fines, Licenses, and Permits	186,017	9,495	-	195,512
Earnings on Investments	3,830	89	1,400	5,319
Miscellaneous	27,478	8,083	-	35,561
	<u>933,567</u>	<u>407,146</u>	<u>1,400</u>	<u>1,342,113</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	455,454	253,627	-	709,081
Public Health Services	-	30,494	-	30,494
Leisure Time Activities	-	1,670	-	1,670
Basic Utility Services	9,959	17,129	-	27,088
Transportation	98,014	172,367	-	270,381
General Government	198,695	64,977	-	263,672
Debt Service:				
Redemption of Principal	91,265	49,498	-	140,763
Interest and Fiscal Charges	4,726	11,444	-	16,170
	<u>858,113</u>	<u>601,206</u>	<u>-</u>	<u>1,459,319</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>75,454</u>	<u>(194,060)</u>	<u>1,400</u>	<u>(117,206)</u>
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets	76,100	-	-	76,100
Advances-In	19,807	19,807	-	39,614
Advances-Out	(19,807)	(19,807)	-	(39,614)
Transfer-In	-	95,000	-	95,000
Transfer-Out	(95,000)	-	-	(95,000)
	<u>(18,900)</u>	<u>95,000</u>	<u>-</u>	<u>76,100</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	56,554	(99,060)	1,400	(41,106)
Fund Cash Balances, January 1	<u>72,937</u>	<u>229,728</u>	<u>57,649</u>	<u>360,314</u>
Fund Cash Balances, December 31	<u>\$ 129,491</u>	<u>\$ 130,668</u>	<u>\$ 59,049</u>	<u>\$ 319,208</u>

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>	<u>Fuduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 456,859	\$ -	\$ 456,859
Miscellaneous	-	766	766
	<u>456,859</u>	<u>766</u>	<u>457,625</u>
Operating Cash Disbursements:			
Security of Persons and Property			-
Personal Services	119,172	-	119,172
Fringe Benefits	38,566	-	38,566
Contractual Services	20,048	-	20,048
Supplies and Materials	222,132	-	222,132
Other	7,094	-	7,094
	<u>407,012</u>	<u>-</u>	<u>407,012</u>
Operating Income (Loss)	<u>49,847</u>	<u>766</u>	<u>50,613</u>
Non-Operating Cash Receipts/Disbursements:			
Note Proceeds	39,022	-	39,022
Miscellaneous	3,345	-	3,345
Capital Outlay	(68,048)	-	(68,048)
Other Non-Operating Cash Receipts	-	218,590	218,590
Other Non-Operating Cash Disbursements	-	(218,629)	(218,629)
Redemption of Principal	(53,760)	-	(53,760)
Interest and Other Fiscal Charges	(18,821)	-	(18,821)
	<u>(98,262)</u>	<u>(39)</u>	<u>(98,301)</u>
Net Receipts Over/(Under) Cash Disbursements	(48,415)	727	(47,688)
Fund Cash Balances, January 1	<u>277,089</u>	<u>660</u>	<u>277,749</u>
Fund Cash Balances, December 31	<u>\$ 228,674</u>	<u>\$ 1,387</u>	<u>\$ 230,061</u>

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 57,986	\$ 100,497	\$ -	\$ 158,483
Municipal Income Taxes	342,474	-	-	342,474
Intergovernmental	147,609	165,066	-	312,675
Charges for Services	29,963	10,226	-	40,189
Fines, Licenses, and Permits	182,532	24,434	-	206,966
Earnings on Investments	3,927	67	1,410	5,404
Miscellaneous	23,784	81,443	-	105,227
	<u>788,275</u>	<u>381,733</u>	<u>1,410</u>	<u>1,171,418</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	425,494	96,185	-	521,679
Public Health Services	-	35,791	-	35,791
Leisure Time Activities	-	1,142	-	1,142
Basic Utility Services	10,006	17,407	-	27,413
Transportation	64,432	188,415	-	252,847
General Government	170,342	50,452	-	220,794
Debt Service:				
Redemption of Principal	24,343	42,436	-	66,779
Interest and Fiscal Charges	4,783	12,069	-	16,852
Capital Outlay	19,930	31,056	-	50,986
	<u>719,330</u>	<u>474,953</u>	<u>-</u>	<u>1,194,283</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>68,945</u>	<u>(93,220)</u>	<u>1,410</u>	<u>(22,865)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Note Proceeds	62,540	31,112	-	93,652
Sale of Fixed Assets	-	45,000	-	45,000
Advances-In	15,924	15,924	-	31,848
Advances-Out	(15,924)	(15,924)	-	(31,848)
Transfer-In	-	94,500	-	94,500
Transfer-Out	(94,500)	-	-	(94,500)
	<u>(31,960)</u>	<u>170,612</u>	<u>-</u>	<u>138,652</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	36,985	77,392	1,410	115,787
Fund Cash Balances, January 1	<u>35,952</u>	<u>152,336</u>	<u>56,239</u>	<u>244,527</u>
Fund Cash Balances, December 31	<u>\$ 72,937</u>	<u>\$ 229,728</u>	<u>\$ 57,649</u>	<u>\$ 360,314</u>

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Proprietary Fund Type</u>	<u>Fuduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 419,737	\$ -	\$ 419,737
Miscellaneous	-	165	165
	<u>419,737</u>	<u>165</u>	<u>419,902</u>
Operating Cash Disbursements:			
Security of Persons and Property			-
Personal Services	111,402	-	111,402
Fringe Benefits	43,236	-	43,236
Contractual Services	25,000	-	25,000
Supplies and Materials	178,197	-	178,197
Other	6,646	-	6,646
	<u>364,481</u>	<u>-</u>	<u>364,481</u>
Total Operating Cash Disbursements	<u>364,481</u>	<u>-</u>	<u>364,481</u>
Operating Income (Loss)	<u>55,256</u>	<u>165</u>	<u>55,421</u>
Non-Operating Cash Receipts/Disbursements:			
Intergovernmental	28,076	-	28,076
Note Proceeds	31,000	-	31,000
Sale of Fixed Assets	5,500	-	5,500
Miscellaneous	5,797	-	5,797
Capital Outlay	(31,055)	-	(31,055)
Other Non-Operating Cash Receipts	-	203,398	203,398
Other Non-Operating Cash Disbursements	-	(212,528)	(212,528)
Redemption of Principal	(102,768)	-	(102,768)
Interest and Other Fiscal Charges	(30,379)	-	(30,379)
	<u>(93,829)</u>	<u>(9,130)</u>	<u>(102,959)</u>
Total Non-Operating Cash Receipts/Disbursements	<u>(93,829)</u>	<u>(9,130)</u>	<u>(102,959)</u>
Net Receipts Over/(Under) Cash Disbursements	(38,573)	(8,965)	(47,538)
Fund Cash Balances, January 1	<u>315,662</u>	<u>9,625</u>	<u>325,287</u>
Fund Cash Balances, December 31	<u>\$ 277,089</u>	<u>\$ 660</u>	<u>\$ 277,749</u>

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Pomeroy, Meigs County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, including maintenance of roads, fire protection services, police services, water and sewer utilities, cemetery maintenance and park operations.

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

Change in Basis of Accounting

Last audit period the Village implemented the cash basis of accounting. The fund financial statements presented each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. This audit period the Village has elected to report fund financial statements by fund type using the regular basis of accounting as prescribed by the Auditor of States office.

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:

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. General Fund

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

2. Special Revenue Funds

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

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

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

FEMA II – This fund receives FEMA money for the parking lot and wall 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. Permanent Funds (Trust Funds)

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

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Fiduciary Funds (Agency Funds)

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED CASH

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

	2007	2006
Demand deposits	\$469,661	\$558,455
Certificates of Deposit	78,783	78,783
Petty Cash	325	325
Total deposits	548,769	637,563
Treasury bonds	500	500
Total investments	500	500
Total deposits and investments	\$549,269	\$638,063

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 904,400	\$ 1,009,667	\$ 105,267
Special Revenue	499,044	502,146	3,102
Permanent	1,061	1,400	339
Enterprise	493,625	499,226	5,601
Total	\$ 1,898,130	\$ 2,012,439	\$ 114,309

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 977,337	\$ 953,113	\$ 24,224
Special Revenue	641,469	601,206	40,263
Enterprise	713,035	547,641	165,394
Total	\$ 2,331,841	\$ 2,101,960	\$ 229,881

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 836,514	\$ 850,815	\$ 14,301
Special Revenue	466,156	552,345	86,189
Permanent	-	1,410	1,410
Enterprise	407,900	490,110	82,210
Total	\$ 1,710,570	\$ 1,894,680	\$ 184,110

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 869,242	\$ 813,830	\$ 55,412
Special Revenue	555,730	474,953	80,777
Enterprise	664,407	528,683	135,724
Total	\$ 2,089,379	\$ 1,817,466	\$ 271,913

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 60% of expenditures tested during 2006 and 70% of expenditures testing during 2007.

4. PROPERTY TAX

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

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

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

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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, 2007 was as follows:

	<u>Principal</u>	<u>Interest</u>
General Obligation Note - Paver	\$ 43,283	4.70%
General Obligation Note - Backhoe	49,926	4.85%
General Obligation Note - Capital Projects	6,599	6.00%
General Obligation Note - Walk Path Project	47,591	4.75%
General Obligation Note - Tanker Truck	35,528	4.57%
Ohio Public Works Commission - Sewer Project	121,492	2.00%
Ohio Public Works Commission - Water Project	59,246	2.00%
Ohio Water Development Authority - Water Plant	579,066	2.00%
Lease - Pumper Truck	162,754	3.82%
	<u>\$ 1,105,485</u>	

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

The Backhoe note was for the purchase of a new backhoe in 2006. This note was for \$62,112 and will be repaid in monthly installments of \$1,170, including interest through 2011.

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

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

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

The Ohio Public Works Commission Sewer Project Loan was for a new sewer. 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.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEBT (Continued)

The Ohio Public Works Commission Water Project Loan was for a water main replacement. The total amount of the loan awarded was \$80,000. This loan will be repaid in semi-annual installments of \$2,436, including interest through 2021. The prior audit reflected an inaccurate balance due at December 31, 2005 of \$611,868. The principal outstanding at December 31, 2005 was \$618,818.

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

The Village entered into a lease with Leasing 2 Inc, in 2003, for the purchase of a pumper truck to be used by the Village Fire Department. The original lease amount was \$300,000 for ten years, with an annual payment of \$36,561. The lease is secured solely by the pumper truck. At the end of the lease, the Village assumes ownership of the pumper truck at no additional expense. The lease ends in 2012. The prior audit reflected an inaccurate balance due at December 31, 2005 of \$219,306. The principal outstanding at December 31, 2005 was \$219,862.

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

Year ending December 31:	Paving Note	Backhoe Note	Capital Project Note	Walk Path Project Note	Tanker Truck Note
2008	\$ 8,736	\$ 14,040	\$ 6,693	\$ 12,582	\$ 8,760
2009	8,736	14,040	-	12,582	8,760
2010	8,736	14,040	-	12,582	8,760
2011	8,736	12,870	-	12,582	8,760
2012	8,736	-	-	5,260	4,380
2013	5,824	-	-	-	-
Total	<u>\$ 49,504</u>	<u>\$ 54,990</u>	<u>\$ 6,693</u>	<u>\$ 55,588</u>	<u>\$ 39,420</u>

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEBT (Continued)

Year ending December 31:	OPWC Sewer Project	OPWC Water Project	OWDA Water Plant	Pumper Lease
2008	\$ 10,659	\$ 4,873	\$ 28,258	\$ 36,561
2009	10,659	4,873	28,258	\$ 36,561
2010	10,659	4,873	28,258	\$ 36,561
2011	10,659	4,873	28,258	\$ 36,561
2012	10,659	4,873	28,258	\$ 36,561
2013-2018	53,295	24,365	141,290	-
2019-2024	26,596	12,182	141,290	-
Thereafter	-	-	267,445	-
Total	<u>\$ 133,186</u>	<u>\$ 60,912</u>	<u>\$ 691,315</u>	<u>\$ 182,805</u>

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2007 members of PERS contributed 9.5% and for 2006 members of PERS contributed 9% of their gross salaries. The Village contributed an amount equal to 13.85% in 2007 and 13.7% in 2006 of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

8. RISK MANAGEMENT

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

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

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

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 January 1, 2006, the custodian held \$57,954 in Village assets. At December 31, 2007, the custodian held \$0 in Village assets. These assets, and the related receipts and disbursements, are reflected in the accompanying financial statements.

10. CONTINGENT LIABILITIES

Amount received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Perry & Associates
Certified Public Accountants, A.C.

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Parkersburg, WV 26101
(304) 422-2203

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

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

June 30, 2008

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

To the Village Council:

We have audited the financial statements of the Village of Pomeroy, Meigs County, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 30, 2008 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 thru 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiency 2007-002 described above is a material weakness.

We noted other internal control matters we reported to the Village's management in a separate letter dated June 30, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2007-001.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 and 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation/Significant Deficiency

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every 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 a fiscal officer'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 Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 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 taxing authority.
2. Blanket Certificate – Fiscal officers 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 entity 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, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-001 (Continued)

Ohio Revised Code § 5705.41(D) (Continued)

The Village did not properly certify the availability of funds prior to purchase commitment for 60% and 70% of the expenditures tested during 2006 and 2007, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions.

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 assure that 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, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

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

FINDING NUMBER 2007-002

Significant Deficiency/Material Weakness

K-9 Fund Receipt and Disbursement Activity

Village Council established a K-9 Fund and corresponding bank account to account for activity related to the care of the police dog. However, it was determined the Village did not record receipts and disbursements for the K-9 fund on the Village's system. It was also determined that various receipts and disbursements were made from and into the bank account, however we found no evidence of duplicate receipts being prepared for revenues or invoices to support expenditures from this account.

Revenue and expenditure amounts were determined to be immaterial to the financial statements and through alternative procedures, we were able to determine expenditures made were for a proper public purpose. However, this condition could result in monies being disbursed for goods and services that were not actually the Village's or were not for a proper public purpose. Without proper documentation, the Village is unable to determine that the amounts posted were the actual amount received.

We recommend the following:

- All activity from the K-9 Fund be recorded within the Village's financial system.
- No monies of the Village be paid for goods or services without proper supporting documentation such as in invoice.
- The Village issue pre-numbered duplicate receipts for all monies received and all supporting documentation should be maintained.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-003

Significant Deficiency

Proper Posting of Receipts and Disbursements

The Village should utilize the UAN chart of accounts to determine proper posting of receipts and disbursements. The Village did not properly classify all receipts such as intergovernmental receipts and the acquisition of new debt. Also, the Village did not properly classify all disbursements such as debt payments.

Several reclassifications were necessary and are reflected in the financial statements of the report.

The Village Fiscal Officer should utilize the UAN chart of accounts to determine proper posting of receipts and disbursements.

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

FINDING NUMBER 2007-004

Significant Deficiency

LETF Funds

During our review of Village funds per the accounting system, we determined the Village had established a Law Enforcement Trust Fund for related police department receipts and expenditures. However, we determined the Village had established a separate bank account maintained by the police department to account for these funds rather than reflecting the activity within the Village's General Account. The Village Fiscal Officer did receive a copy of the Law Enforcement Trust Fund bank statement on a monthly basis and recorded the total receipts and disbursements per this bank account on the Village's accounting system. Through additional auditing procedures, we were able to determine the disbursements from this account were for a proper public purpose. However, the following was noted:

- Per Ohio Revised Code sections 2933.43, 2925.03 and 5705, LETF monies should follow normal budgetary procedures and any expenditures must be made using purchase orders and from Village warrants
- All receipt and disbursement activity should be reflected on the Village's ledgers rather than just monthly totals
- All expenditures should have appropriate council approval

We recommend LETF monies be maintained in the Village's main checking account. We also recommend these monies follow the budgetary process such as the use of purchase orders prior to an expenditure being made and be approved by council.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC Section 5705.39 Appropriations exceeded total estimated resources	Yes	N/A



Mary Taylor, CPA
Auditor of State

VILLAGE OF POMEROY

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 2, 2008**