



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF POMEROY
MEIGS COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary, and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Pomeroy, Meigs County, Ohio (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the year then ended.

Basis for Qualification of Opinion on General Fund Municipal Income Tax Receipts on the Regulatory Basis of Accounting

General Fund Municipal Income Tax receipts are reported at \$314,852 for the year ended December 31, 2019, which was 49% of total General Fund operating receipts. As described in Finding 2020-007, the Village did not maintain supporting documentation for municipal income tax receipts for 2019. Therefore, we were unable to obtain sufficient appropriate audit evidence supporting 52% of the amounts reported as Municipal Income Tax receipts in the General Fund. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualification of Opinion on General Fund Municipal Income Tax Receipts on the Regulatory Basis of Accounting

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2019 Municipal Income Tax receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund, of the Village of Pomeroy, Meigs County, Ohio, as of December 31, 2019, and it's combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit, described in Note 2.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the qualification of opinion above, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Pomeroy, Meigs County, Ohio, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code §117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 15 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2021

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Village of Pomeroy, Ohio
Meigs County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$49,017	\$170,610	\$0	\$0	\$219,627
Municipal Income Tax	379,448	0	0	0	379,448
Intergovernmental	112,164	623,165	0	0	735,329
Charges for Services	31,200	40,119	0	0	71,319
Fines, Licenses and Permits	67,296	2,164	0	0	69,460
Earnings on Investments	1,734	3,396	0	0	5,130
Miscellaneous	41,782	16,495	0	0	58,277
<i>Total Cash Receipts</i>	<u>682,641</u>	<u>855,949</u>	<u>0</u>	<u>0</u>	<u>1,538,590</u>
Cash Disbursements					
Current:					
Security of Persons and Property	202,294	158,055	0	0	360,349
Public Health Services	0	16,859	0	0	16,859
Leisure Time Activities	0	14,579	0	0	14,579
Transportation	0	101,666	0	0	101,666
General Government	262,644	180,776	0	0	443,420
Capital Outlay	0	5,433	0	0	5,433
Debt Service:					
Principal Retirement	48,809	325,120	0	0	373,929
Interest and Fiscal Charges	52,856	10,338	0	0	63,194
<i>Total Cash Disbursements</i>	<u>566,603</u>	<u>812,826</u>	<u>0</u>	<u>0</u>	<u>1,379,429</u>
<i>Excess of Receipts Over Disbursements</i>	<u>116,038</u>	<u>43,123</u>	<u>0</u>	<u>0</u>	<u>159,161</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	5,711	0	0	0	5,711
Transfers In	0	0	43,809	0	43,809
Transfers Out	(43,809)	0	0	0	(43,809)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(38,098)</u>	<u>0</u>	<u>43,809</u>	<u>0</u>	<u>5,711</u>
Special Item	0	15,000	0	0	15,000
<i>Net Change in Fund Cash Balances</i>	77,940	58,123	43,809	0	179,872
<i>Fund Cash Balances, January 1</i>	<u>55,750</u>	<u>286,764</u>	<u>(43,809)</u>	<u>38,782</u>	<u>337,487</u>
<i>Fund Cash Balances, December 31</i>	<u>\$133,690</u>	<u>\$344,887</u>	<u>\$0</u>	<u>\$38,782</u>	<u>\$517,359</u>

See accompanying notes to the basic financial statements

Village of Pomeroy, Ohio
Meigs County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$863,964
Miscellaneous	12,285
<i>Total Operating Cash Receipts</i>	<u>876,249</u>
Operating Cash Disbursements	
Personal Services	255,044
Employee Fringe Benefits	54,556
Contractual Services	161,536
Supplies and Materials	121,811
Other	64
<i>Total Operating Cash Disbursements</i>	<u>593,011</u>
<i>Operating Income (Loss)</i>	<u>283,238</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	395,104
Special Assessments	949
Other Debt Proceeds	796,430
Miscellaneous Receipts	49,567
Capital Outlay	(805,322)
Principal Retirement	(497,809)
Interest and Other Fiscal Charges	(37,589)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(98,670)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	184,568
Capital Contributions	52,083
<i>Net Change in Fund Cash Balances</i>	236,651
<i>Fund Cash Balances, January 1</i>	<u>337,424</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$574,075</u></u>

See accompanying notes to the basic financial statements

Village of Pomeroy, Ohio

Meigs County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2020

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
	<u>Other</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$49,853
<i>Total Additions</i>	<u>49,853</u>
Deductions	
Other Distributions	<u>53,062</u>
<i>Total Deductions</i>	<u>53,062</u>
<i>Net Change in Fund Balances</i>	(3,209)
<i>Fund Cash Balances, January 1</i>	<u>4,355</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,146</u></u>

See accompanying notes to the basic financial statements

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Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Coronavirus Relief Fund This fund accounts for and reports COVID-19 monies passed through the County.

River Bank Project Fund This fund received loan proceeds to finance the River Bank Project.

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court transactions.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

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

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 4.

Deposits

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$86,495 for the year ended December 31, 2020.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$522,250	\$688,352	\$166,102
Special Revenue	830,717	870,949	40,232
Capital Projects	0	43,809	43,809
Enterprise	2,133,160	2,170,382	37,222
Total	\$3,486,127	\$3,773,492	\$287,365

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 4 – Budgetary Activity (Continued)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$524,727	\$611,222	(\$86,495)
Special Revenue	969,304	812,878	156,426
Enterprise	2,199,320	1,933,915	265,405
Total	\$3,693,351	\$3,358,015	\$335,336

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investments accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$1,042,297
Certificates of deposit	49,783
Total deposits	1,092,080
U.S. Savings Bond	500
Total investments	500
Total carrying amount of deposits held in the Pool (ties to FS)	\$1,092,580

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Taxes

Property Taxes

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

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 6 – Taxes (Continued)

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

Income Taxes

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

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

The tax is collected by the Regional Income Tax Agency (RITA) and is deposited in the Village bank account twice a month.

Note 7 – Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 7 – Risk Management (Continued)

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 9 – Postemployment Benefits (Continued)

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CR15B	\$10,501	2.00%
OPWC CR10D	\$9,506	2.00%
OPWC CR08K	\$147,846	0%
OPWC CR08P	\$53,329	0%
OPWC CR08R	\$102,283	0%
OWDA 4047	\$343,546	2.00%
OWDA 5220	\$50,509	0%
OWDA 6221	\$590,798	2.00%
OWDA 6842	\$757,027	2.00%
OWDA 8328	\$42,871	0%
OWDA 8883	\$360,161	0%
OWDA 8911	\$34,623	0.05%
Building Loan	\$440,863	4.10%
Ally Finance - Chevrolet Truck	\$19,720	5.24%
Ally Finance - Ford F-150 Truck	\$15,310	8.09%
Farmers Bank Loan #153977	\$63,145	4.75%
Farmers Bank - Fire Truck Loan #154526	\$102,272	4.87%
Kansas State Bank - Mini Excavator	\$47,299	3.22%
Total	<u>\$3,191,609</u>	

The OPWC CR15B West Side Sewer Replacement Loan project's total amount awarded was \$175,000. This loan will be repaid in semi-annual installments of \$5,330, including interest through 2021. The OPWC CR10D Loan Water main Replacement Phase 3 project's total amount awarded was \$80,000. This loan will be repaid in semi-annual installments of \$2,436, including interest through 2021. The OPWC CR08R Loan Second, Lynn and Court Streets Water main replacement will be repaid in semi-annual installments of \$8,182.68 through 2032. The OPWC CR08K Loan Lincoln Hill Waterline Replacement project's total amount awarded was \$239,750. This loan will be repaid in semi-annual installments of \$3,996, including interest through 2038. The OPWC CR08P Roadway Resurfacing Loan will be repaid in semi-annual installments of \$2,540 through 2031.

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 10 – Debt (Continued)

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

The OWDA 8328 Loan for the State Route 7 Sewer Extension project was awarded in 2018. Total project financed after principal forgiveness was \$43,546. At this time, the project was not completed and amortization schedule was not available.

The OWDA 8883 loan for a water meter replacement project was awarded in 2020. The project was approved to finance \$455,164 over 20 years. At this time, the project was not completed and amortization schedule was not available.

The OWDA 8911 loan for the 833 waterline replacement project was awarded in 2020. The project was approved to finance \$42,600 over 20 years. At this time, the project was not completed and amortization schedule was not available.

The OWDA 6842 Loan Booster Station project's total amount awarded in 2014. Total project was \$1,210,417 with principal forgiveness of \$359,352. The loan will be repaid in semi-annual installments of \$18,609, including interest, through 2046.

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

The Village financed a 2017 Chevrolet Truck through Ally Finance on May 11, 2018 in the amount of \$39,610 over five years. This loan will be repaid in monthly installments of \$753.50.

The Village financed a Ford F-150 Truck through Ally Finance on December 9, 2018 in the amount of \$21,733 over six years. This loan will be repaid in monthly installments of \$383.30.

The Village obtained a commercial promissory note through Farmers Bank and Savings Co. on October 26, 2018 in the amount of \$75,650 for the purpose of paving Union Avenue. This loan will be repaid in semi-annual installments of \$4,814, including interest through 2028.

The Village obtained a commercial promissory note through Farmers Bank and Savings Co. on April 24, 2018 in the amount of \$671,700 for the purpose of securing funds for participation of Capital Improvement River Bank/parking lot project. This loan was to be repaid in a single payment due May 24, 2020. A change in terms agreement on May 19, 2020, changed the maturity date to May 24, 2021.

The Village obtained a commercial promissory note through Farmers Bank and Savings Co. on August 7, 2019 in the amount of \$150,000 for the purpose of refinancing and update fire trucks purchased. This loan will be repaid in semi-annual installments of \$18,552, including interest, through 2023.

The Village obtained a loan through Kansas State Bank on August 1, 2019 in the amount of \$71,008 to purchase a mini excavator. This loan will be repaid in annual installments of \$12,791.80, including interest, through 2024.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 10 – Debt (Continued)

Amortization

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

Year ending December 31:	OPWC CR08K	OPWC CR08P	OPWC CR08R	OPWC CR10D	OPWC CR15B
2021	\$7,992	\$5,079	\$8,183	\$4,873	\$10,659
2022	7,992	5,079	8,183	4,873	0
2023	7,992	5,079	8,183	0	0
2024	7,992	5,079	8,183	0	0
2025	7,992	5,079	8,183	0	0
2026-2030	39,960	25,395	40,913	0	0
2031-2035	39,960	2,539	20,455	0	0
2036-2040	27,966	0	0	0	0
Total	<u>\$147,846</u>	<u>\$53,329</u>	<u>\$102,283</u>	<u>\$9,746</u>	<u>\$10,659</u>

Year ending December 31:	Building Loan	Kansas State Bank	Chevy Truck	Ford F- 150	Union Avenue	Fire Truck Loan
2021	\$33,577	\$12,792	\$9,042	\$4,600	\$9,628	\$37,104
2022	33,577	12,792	9,042	4,600	9,628	37,104
2023	33,577	12,792	3,014	4,600	9,628	37,104
2024	33,577	12,792	0	4,216	9,628	0
2025	33,577	0	0	0	9,628	0
2026-2030	167,885	0	0	0	28,322	0
2031-2035	167,885	0	0	0	0	0
2036-2040	114,874	0	0	0	0	0
Total	<u>\$618,529</u>	<u>\$51,168</u>	<u>\$21,098</u>	<u>\$18,016</u>	<u>\$76,462</u>	<u>\$111,312</u>

Year ending December 31:	OWDA 4047	OWDA 5220	OWDA 6221	OWDA 6842
2021	\$28,258	\$2,590	\$32,734	\$37,219
2022	28,258	2,590	32,734	37,219
2023	28,258	2,590	32,734	37,219
2024	28,258	2,590	32,734	37,219
2025	28,258	2,590	32,734	37,219
2026-2030	141,290	12,950	163,670	186,095
2031-2035	97,168	12,950	163,670	186,095
2036-2040	0	11,659	163,670	186,095
2041-2045	0	0	81,835	186,095
2046	0	0	0	18,609
Total	<u>\$379,748</u>	<u>\$50,509</u>	<u>\$736,515</u>	<u>\$949,084</u>

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Unclaimed Monies	\$1,591	\$0	\$0	\$1,591
Corpus	0	0	38,782	38,782
Outstanding Encumbrances	810	52	0	862
<i>Total</i>	<u>\$2,401</u>	<u>\$52</u>	<u>\$38,782</u>	<u>\$41,235</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Public Entity Risk Pool

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

Note 13 – Liabilities and Outstanding Amounts Owed

The Village owed Ohio Power Company \$45,274 at December 31, 2020 for prior year tax refunds. The Village repaid this amount on February 17, 2021 via check number 33073.

Note 14 – Special Investigation

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

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 15 – COVID-19 (Continued)

In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$5,000 was sub-granted to other governments and organization. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Village of Pomeroy, Ohio
Meigs County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$53,739	\$180,249	\$0	\$0	\$233,988
Municipal Income Tax	314,852	0	0	0	314,852
Intergovernmental	74,012	638,570	0	0	712,582
Charges for Services	36,200	33,979	0	0	70,179
Fines, Licenses and Permits	152,889	7,011	0	0	159,900
Earnings on Investments	852	4,482	0	0	5,334
Miscellaneous	11,538	1,420	0	0	12,958
<i>Total Cash Receipts</i>	<u>644,082</u>	<u>865,711</u>	<u>0</u>	<u>0</u>	<u>1,509,793</u>
Cash Disbursements					
Current:					
Security of Persons and Property	360,044	179,367	0	0	539,411
Public Health Services	0	21,269	0	0	21,269
Transportation	0	111,835	0	0	111,835
General Government	207,941	16,158	0	0	224,099
Capital Outlay	0	230,425	0	0	230,425
Debt Service:					
Principal Retirement	22,564	619,702	0	0	642,266
Interest and Fiscal Charges	19,677	7,501	0	0	27,178
<i>Total Cash Disbursements</i>	<u>610,226</u>	<u>1,186,257</u>	<u>0</u>	<u>0</u>	<u>1,796,483</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>33,856</u>	<u>(320,546)</u>	<u>0</u>	<u>0</u>	<u>(286,690)</u>
Other Financing Receipts					
Loans Issued	30,000	365,001	0	0	395,001
<i>Total Other Financing Receipts</i>	<u>30,000</u>	<u>365,001</u>	<u>0</u>	<u>0</u>	<u>395,001</u>
<i>Net Change in Fund Cash Balances</i>	63,856	44,455	0	0	108,311
<i>Fund Cash Balances, January 1</i>	<u>(8,106)</u>	<u>242,309</u>	<u>(43,809)</u>	<u>38,782</u>	<u>229,176</u>
Fund Cash Balances, December 31					
Nonspendable	1,590	0	0	38,782	40,372
Restricted	0	258,130	0	0	258,130
Committed	0	34,559	0	0	34,559
Unassigned (Deficit)	54,160	(5,925)	(43,809)	0	4,426
<i>Fund Cash Balances, December 31</i>	<u>\$55,750</u>	<u>\$286,764</u>	<u>(\$43,809)</u>	<u>\$38,782</u>	<u>\$337,487</u>

See accompanying notes to the basic financial statements

Village of Pomeroy, Ohio*Meigs County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Proprietary and Fiduciary Fund Types**For the Year Ended December 31, 2019*

	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>	Totals
	<u>Enterprise</u>	<u>Agency</u>	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$914,450	\$0	\$914,450
<i>Total Operating Cash Receipts</i>	<u>914,450</u>	<u>0</u>	<u>914,450</u>
Operating Cash Disbursements			
Personal Services	304,296	0	304,296
Employee Fringe Benefits	107,689	0	107,689
Contractual Services	412,140	0	412,140
Supplies and Materials	191,644	0	191,644
Other	300	0	300
<i>Total Operating Cash Disbursements</i>	<u>1,016,069</u>	<u>0</u>	<u>1,016,069</u>
<i>Operating (Loss)</i>	<u>(101,619)</u>	<u>0</u>	<u>(101,619)</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	593,161	0	593,161
Special Assessments	7,530	0	7,530
Loans Issued	699,380	0	699,380
Capital Outlay	(489,920)	0	(489,920)
Principal Retirement	(714,177)	0	(714,177)
Interest and Other Fiscal Charges	(38,740)	0	(38,740)
Other Financing Sources	0	144,062	144,062
Other Financing Uses	0	(149,952)	(149,952)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>57,234</u>	<u>(5,890)</u>	<u>51,344</u>
<i>Income (Loss) before Capital Contributions</i>	(44,385)	(5,890)	(50,275)
Capital Contributions	43,090	0	43,090
<i>Net Change in Fund Cash Balances</i>	(1,295)	(5,890)	(7,185)
<i>Fund Cash Balances, January 1</i>	<u>338,719</u>	<u>10,245</u>	<u>348,964</u>
<i>Fund Cash Balances, December 31</i>	<u>\$337,424</u>	<u>\$4,355</u>	<u>\$341,779</u>

See accompanying notes to the basic financial statements

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

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

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. and the Ohio Municipal League Group Rating Plan (GRP) which are public entity risk pools. Notes 7 and 11 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

River Bank Project Fund This fund received loan proceeds to finance the River Bank Project.

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

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

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

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

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

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

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

Basis of Accounting

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Basis of Accounting (Continued)

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

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction Maintenance and Repair, Riverbank Project, Fire, Water Operating, and Sewer Operating Funds in the amount of \$23,470, \$105,000, \$118,720, \$9,193, and \$217,392, respectively.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$705,965	\$674,082	(\$31,883)
Special Revenue	760,955	1,230,712	469,757
Enterprise	1,866,437	2,257,611	391,174
Total	\$3,333,357	\$4,162,405	\$829,048

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$629,278	\$612,703	\$16,575
Special Revenue	997,118	1,186,775	(189,657)
Enterprise	2,064,601	2,263,486	(198,885)
Total	\$3,690,997	\$4,062,964	(\$371,967)

Note 5 – Deposits and Investments

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

	2019
Demand deposits	\$628,983
Certificates of deposit	49,783
Total deposits	678,766
U.S. Savings Bond	500
Total investments	500
Total deposits and investments	\$679,266

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool; or collateralized through the Ohio Pooled Collateral System (OCPS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited into the financial institution.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 6 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The tax is collected by the Regional Income Tax Agency (RITA) and is deposited in the Village bank account twice a month.

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.

The tax is collected by the Regional Income Tax Agency (RITA) and is deposited in the Village bank account twice a month.

Note 7 - Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 7 - Risk Management (Continued)

Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 - Postemployment Benefits

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

OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CR15B	\$15,674	2.00%
OPWC CR10D	\$11,824	2.00%
OPWC CR08K	\$151,841	0%
OPWC CR08P	\$55,869	0%
OPWC CR08R	\$106,374	0%
OWDA 4047	\$364,616	2.00%
OWDA 5220	\$53,099	0%
OWDA 6221	\$611,406	2.00%
OWDA 6842	\$780,203	2.00%
OWDA 8328	\$35,210	0.00%
Building Loan	\$455,477	4.10%
Police Cruiser Loan	\$3,918	2.74%
Ally Finance - Chevrolet Truck	\$27,506	5.24%
Ally Finance - Ford F-150 Truck	\$18,528	8.09%
Farmers Bank Union Avenue Loan	\$69,544	4.75%
Farmers Bank Riverbank/Parking Lot Loan	\$284,410	4.00%
Farmers Bank Police Operations Loan	\$30,000	4.50%
Farmers Bank Fire Truck Loan #154526	\$133,123	4.87%
Kansas State Bank - Mini Excavator Loan	58,217	3.22%
Total	<u>\$3,266,839</u>	

The OPWC CR15B West Side Sewer Replacement Loan project's total amount awarded was \$175,000. This loan will be repaid in semi-annual installments of \$5,330, including interest through 2021. The OPWC CR10D Loan Water main Replacement Phase 3 project's total amount awarded was \$80,000. This loan will be repaid in semi-annual installments of \$2,436, including interest through 2021. The OPWC CR08R Loan Second, Lynn and Court Streets Water main replacement will be repaid in semi-annual installments of \$8,182.68 through 2032. The OPWC CR08K Loan Lincoln Hill Waterline Replacement project's total amount awarded was \$239,750. This loan will be repaid in semi-annual installments of \$3,996, including interest through 2038. The OPWC CR08P Roadway Resurfacing Loan will be repaid in semi-annual installments of \$2,540 through 2031.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

The OWDA 8328 Loan for the State Route 7 Sewer Extension project was awarded in 2018. Total project financed after principal forgiveness was \$43,546. At this time, the project was not completed and amortization schedule was not available.

The OWDA 6842 Loan Booster Station project's total amount awarded in 2014. Total project was \$1,210,417 with principal forgiveness of \$359,352. The loan will be repaid in semi-annual installments of \$18,609, including interest, through 2046.

The Building note was issued in 2009 for a Village Department Building. The note was for \$575,000. The balance was misstated at December 31, 2011 and should have been \$555,289. The note will be repaid in monthly installments of \$2,798, including interest through 2040. The Police cruiser note was issued in 2015 for \$27,999. The note will be repaid in monthly installments of \$500.36, including interest through 2020.

The Village financed a 2017 Chevrolet Truck through Ally Finance on May 11, 2018 in the amount of \$39,610 over five years. This loan will be repaid in monthly installments of \$753.50.

The Village financed a Ford F-150 Truck through Ally Finance on December 9, 2018 in the amount of \$21,733 over six years. This loan will be repaid in monthly installments of \$383.30.

The Village obtained a commercial promissory note through Farmers Bank and Savings Co. on October 26, 2018 in the amount of \$75,650 for the purpose of paving Union Avenue. This loan will be repaid in semi-annual installments of \$4,814, including interest through 2028.

The Village obtained a commercial promissory note through Farmers Bank and Savings Co. on April 24, 2018 in the amount of \$671,700 for the purpose of securing funds for participation of Capital Improvement River Bank/parking lot project. This loan will be repaid in a single payment due May 24, 2020. A change in terms agreement on May 19, 2020, changed the maturity date to May 24, 2021.

The Village obtained a commercial promissory note through Farmers Bank and Savings Co. on August 7, 2019 in the amount of \$150,000 for the purpose of refinancing and update fire trucks purchased. This loan will be repaid in semi-annual installments of \$18,552, including interest, through 2023.

The Village obtained a loan through Kansas State Bank on August 1, 2019 in the amount of \$71,008 to purchase a mini excavator. This loan will be repaid in annual installments of \$12,791.80, including interest, through 2024.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 10 – Debt (Continued)

Amortization

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

Year ending December 31:	OPWC <u>CR08K</u>	OPWC <u>CR08P</u>	OPWC <u>CR08R</u>	OPWC <u>CR10D</u>	OPWC <u>CR15B</u>
2020	\$3,996	\$2,540	\$4,091	\$2,436	\$5,330
2021	7,992	5,079	8,183	4,873	10,659
2022	7,992	5,079	8,183	4,873	0
2023	7,992	5,079	8,183	0	0
2024	7,992	5,079	8,183	0	0
2025-2029	39,960	25,395	40,913	0	0
2030-2034	39,960	7,618	28,638	0	0
2035-2039	<u>35,957</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$151,841</u>	<u>\$55,869</u>	<u>\$106,374</u>	<u>\$12,182</u>	<u>\$15,989</u>

Year ending December 31:	Building Loan	Kansas Stae Bank	Chevy Truck	Ford F- 150	Union Avenue	Fire Truck Loan
2020	\$33,577	\$12,792	\$9,042	\$4,600	\$9,628	\$37,104
2021	33,577	12,792	9,042	4,600	9,628	37,104
2022	33,577	12,792	9,042	4,600	9,628	37,104
2023	33,577	12,792	3,014	4,600	9,628	37,104
2024	33,577	12,792	0	4,216	9,628	0
2025-2029	167,885	0	0	0	38,510	0
2030-2034	167,885	0	0	0	0	0
2035-2039	<u>148,450</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$652,105</u>	<u>\$63,960</u>	<u>\$30,140</u>	<u>\$22,616</u>	<u>\$86,650</u>	<u>\$148,416</u>

Year ending December 31:	OWDA 4047	OWDA 5220	OWDA 6221	OWDA 6842
2020	\$28,258	\$2,590	\$32,734	\$37,219
2021	28,258	2,590	32,734	37,219
2022	28,258	2,590	32,734	37,219
2023	28,258	2,590	32,734	37,219
2024	28,258	2,590	32,734	37,219
2025-2029	141,290	12,950	163,670	186,095
2030-2034	141,290	12,950	163,670	186,095
2035-2039	0	12,950	163,670	186,095
2040-2044	0	1,299	114,569	186,095
2045-2046	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,827</u>
Total	<u>\$423,870</u>	<u>\$53,099</u>	<u>\$769,249</u>	<u>\$986,302</u>

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 11 – Public Entity Risk Pool

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

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

Note 12 – Liabilities and Outstanding Amounts Owed

The Village owed Ohio Power Company \$45,274 at December 31, 2019 for prior year tax refunds. The Village repaid this amount on February 17, 2021 via check number 33073.

Also, the Village owed the Internal Revenue Service \$70,970.65 as of December 31, 2019 for prior year's taxes. The Village repaid this amount on November 16, 2020 via check number 32825.

Note 13 – Special Investigation

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

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OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Pomeroy, Meigs County, Ohio, (the Village), and have issued our report thereon dated December 13, 2021, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We qualified our opinion on Municipal Income Tax receipts in the General Fund for the year ended December 31, 2019. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2020-004 through 2020-007 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2020-001 through 2020-003.

Village's Responses to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2021

**VILLAGE OF POMEROY
MEIGS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Noncompliance

Ohio Rev. Code § 133.03 (D) provides that a municipal corporation may not issue securities for the purpose of paying current expenses except for securities authorized to be issued for that purpose by this chapter or other laws.

Ohio Rev. Code § 133.01(I) defines current expenses as the lawful expenditures of a subdivision, except those for permanent improvements and for payments of debt charges of a subdivision.

On November 11, 2019, Village Council approved borrowing \$30,000 from Farmers Bank for police department operations in the General Fund. This money was used to offset a deficit fund balance in the General Fund which included disbursements for employees payroll, Ohio Public Employee's Retirement System, the Internal Revenue Service, along with other various vendors. These, being lawful expenditures, fit into the definition of "current expenses", resulting in the Village exceeding its statutory authority by incurring such debt.

The Village should only incur debt authorized by Ohio Law.

Officials' Response: The Village repaid this loan within a few months and will not incur debt for this purpose again.

FINDING NUMBER 2020-002

Noncompliance

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

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

<u>December 31, 2019</u>	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
Street Construction, Repair, and Maintenance Fund	\$ 117,890	\$ 141,360	\$ (23,470)
Riverbank Project Fund	492,615	597,615	(105,000)
Fire Fund	300,000	418,720	(118,720)
Water Operating Fund	705,150	714,343	(9,193)
Sewer Operating Fund	1,331,451	1,548,843	(217,392)
<u>December 31, 2020</u>	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	\$ 524,727	\$ 611,222	\$ (86,495)

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

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations.

VILLAGE OF POMEROY
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

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

FINDING NUMBER 2020-002 (Continued)

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

Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response: The Village will monitor expenditures and appropriations and request amendments as needed to prevent spending beyond approved appropriations.

FINDING NUMBER 2020-003

Noncompliance

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

There are several exceptions to the standard requirement stated above that 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 §§ 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 Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

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

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor.

VILLAGE OF POMEROY
MEIGS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

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

FINDING NUMBER 2020-003 (Continued)

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

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.

Due to deficiencies in internal controls, one hundred percent (100%) of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. In addition, Village Council did not establish a maximum amount for blanket certificates.

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

Officials' Response: The Village will use purchase orders for all purchases. The Village will adopt a resolution establishing the maximum amount authorized for blanket certificates.

FINDING NUMBER 2020-004

Material Weakness

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

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

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

Monthly bank to book reconciliations were not prepared in a timely manner for the following months:

- July 2019 reconciliation was completed on September 2, 2019;
- April 2020 reconciliation was completed on May 25, 2020;
- July 2020 reconciliation was completed on September 7, 2020;
- August 2020 reconciliation was completed on October 7, 2020; and
- September 2020 reconciliation was completed on November 14, 2020.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-004 (Continued)

Material Weakness (Continued)

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

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

Officials' Response: This practice has been corrected and bank reconciliations are done in a timely manner.

FINDING NUMBER 2020-005

Material Weakness

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

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

- Manual monthly income tax ledgers were not located for January 1, 2019 through June 30, 2019. In addition, the Village did not have access to the City Income Tax software system to generate monthly reports as the Village did away with the system when they switched to the Regional Income Tax Agency (R.I.T.A) in July 2019. Income tax pay stubs for payments received in 2019 did exist but were filed by business or individual tax payer name. This made it impossible to determine the number of income tax payments received in 2019 nor were any ledgers available to trace to posting on the income tax side. Forty-eight percent of income tax receipts for 2019 were confirmed with the Village of Pomeroy, Meigs County, Meigs Local School District, and the Regional Income Tax Agency. As a result, we were unable to obtain sufficient coverage for the remaining fifty-two percent of income tax receipts for 2019.

As such, we were unable to satisfy ourselves as to the completeness and accuracy of fifty-two percent of municipal income tax receipts in the General Fund for 2019. We have modified the opinion in the Independent Auditor's Report accordingly.

As of July 2019, the Village contracted with the Regional Income Tax Agency to collect and disburse municipal income taxes for the Village.

Officials' Response: The Village believes using RITA will correct these issues.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

FINDING NUMBER 2020-006

Material Weakness

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

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

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

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

At December 31, 2019, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

	<u>Approved</u>	<u>UAN System</u>	<u>Variance</u>
General Fund	\$ 705,965	\$ 723,740	\$ (17,775)
Street Construction Maintenance and Repair Fund	115,000	91,000	24,000
State Highway Fund	6,500	450	6,050
Fire Fund	126,797	283,000	(156,203)
Street Light Fund	17,226	19,000	(1,774)
Water Operating Fund	562,000	637,700	(75,700)
Sewer Operating Fund	1,291,937	1,477,176	(185,239)

At December 31, 2020, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

	<u>Approved</u>	<u>UAN System</u>	<u>Variance</u>
General Fund	\$ 522,250	\$ 619,501	\$ (97,251)
FC/FEMA/AFG-S 2020 Fund	-	8,330	(8,330)
			-

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

FINDING NUMBER 2020-006 (Continued)

Material Weakness (Continued)

At December 31, 2019, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

	<u>Approved</u>	<u>UAN System</u>	<u>Variance</u>
General Fund	\$ 626,344	\$ 656,603	\$ (30,259)
Street Construction, Repair, and Maintenance Fund	117,749	137,864	(20,115)
Fire Fund	300,000	410,000	(110,000)
Sewer Operating Fund	1,330,937	1,355,553	(24,616)

At December 31, 2020, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

	<u>Approved</u>	<u>UAN System</u>	<u>Variance</u>
General Fund	\$ 522,250	\$ 660,349	\$ (138,099)
Street Construction, Repair, and Maintenance Fund	144,000	163,159	(19,159)
FC/FEMA/AFG-S 2020 Fund	-	8,330	(8,330)
Water Operating Fund	1,053,264	1,064,703	(11,439)
Sewer Operating Fund	1,111,476	1,115,322	(3,846)

General Fund estimated receipts were overstated \$17,775, and Special Revenue and Enterprise estimated receipts were understated \$34,240 and \$716,988, respectively, in the notes to the financial statements at December 31, 2019. In addition, General Fund appropriations were overstated \$30,258, and Special Revenue and Enterprise appropriations were understated \$93,135 and \$1,358,937, respectively, in the notes to the financial statements at December 31, 2019.

Further, General Fund estimated receipts were overstated \$97,251, and Special Revenue and Enterprise estimated receipts were understated \$288,317 and \$1,189,740, respectively, in the notes to the financial statements at December 31, 2020. Lastly, General Fund appropriations were overstated \$140,576, and Special Revenue and Enterprise appropriations were understated \$256,141 and \$1,169,874, respectively, in the notes to the financial statements at December 31, 2020.

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

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

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-006 (Continued)

Material Weakness (Continued)

Officials' Response: The Fiscal Officer will monitor revenue and expenditures and request amendments to the certificate from the County Auditor and amended the appropriation resolution.

FINDING NUMBER 2020-007

Material Weakness

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

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

In 2019:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.161 require reporting amounts as nonspendable when the fund balance classification includes amounts that are legally or contractually required to be maintained intact. The Village incorrectly reported the entire Unclaimed Monies Fund balance of \$1,590 as unassigned in the Agency fund type when it should have been reported in the General Fund as nonspendable;
- River Bank Project Fund loan proceeds and capital outlay disbursements of \$105,000 were unrecorded;
- River Bank Project Fund intergovernmental receipts and debt service principal retirement disbursements of \$223,250 were unrecorded;
- River Bank Project Fund debt service principal retirement disbursements of \$259,040 were incorrectly classified as interest and fiscal charges;
- Fire Fund loan proceeds and debt service principal retirement disbursements of \$98,768 were unrecorded;
- Water Operating Fund intergovernmental receipts and debt service principal retirement disbursements of \$5,760 were unrecorded;
- Water Operating Fund loans issued receipts and capital outlay disbursements of \$76,768 were unrecorded;
- Water Operating Fund capital contribution receipts of \$43,090 were incorrectly classified as other debt proceed receipts;
- Sewer Operating Fund loans issued receipts and capital outlay disbursements of \$388,536 were unrecorded;
- Sewer Operating Fund intergovernmental receipts and debt service principal retirement disbursements of \$587,401 were unrecorded;

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-007 (Continued)

Material Weakness (Continued)

- Mayor's Court Agency Fund other non-operating receipts of \$145,493 and other non-operating disbursements of \$145,493 were incorrectly classified as fines licenses and permits receipts and other disbursements, respectively; and
- Mayor's Court Agency Fund January 1, 2018 beginning fund balance was understated \$10,245, and other financing source receipts and other financing use disbursements were overstated \$1,431 and \$4,459, respectively.

In 2020:

- General Fund miscellaneous receipts of \$12,455 were incorrectly classified as intergovernmental receipts;
- General Fund sale of capital asset receipts of \$5,711 were incorrectly classified as miscellaneous receipts;
- General Fund intergovernmental receipt and interest and fiscal charge disbursement of \$33,536 were unrecorded;
- River Bank Project Fund intergovernmental receipt and debt service principal retirement disbursement of \$284,147 were unrecorded;
- Water Operating Fund intergovernmental receipts and debt service principal retirement disbursements of \$4,240 were unrecorded;
- Water Operating Fund loans issued receipts and capital outlay disbursements of \$399,024 were unrecorded
- Water Operating Fund capital contribution receipts of \$52,083 were incorrectly classified as other debt proceed receipts;
- Water Operating Fund miscellaneous receipts of \$9,939 were incorrectly classified as intergovernmental receipts;
- Sewer Operating Fund miscellaneous receipts of \$2,346 were incorrectly classified as intergovernmental receipts;
- Sewer Operating Fund loans issued receipts and capital outlay disbursements of \$397,406 were unrecorded;
- Sewer Operating Fund intergovernmental receipts and debt service principal retirement disbursements of \$389,070 were unrecorded; and
- Mayor's Court Custodial Fund fines, license, and permit for distribution receipts of \$22,526 and other disbursements of 25,735 were unrecorded.

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

The audited financial statements have been adjusted for the items noted above. The Fiscal Officer should review the Village handbook for guidance to ensure the financial statements are complete and accurate.

Officials' Response: The Fiscal Officer will review the Village Officers Handbook for guidance.

THE VILLAGE OF POMEROY

660 East Main St.
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Pomeroy, OH 45769



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code § 5705.10(I) – Deficit fund balances.	Not Corrected.	Village worked in 2020 to eliminate deficit fund balances and will monitor closely going forward.
2018-002	Ohio Rev. Code § 5705.41(B) – Disbursements exceeded appropriations.	Not Corrected.	Village will monitor expenditures and appropriations and request amendments as needed to prevent spending beyond approved appropriations.
2018-003	Ohio Rev. Code § 5705.41(D) – Not properly encumbering funds.	Not Corrected.	The Village will use purchase orders for all purchases. The Village will adopt a resolution establishing the maximum amount authorized for blanket certificates.
2018-004	Material weakness – Bank reconciliations not prepared timely.	Not Corrected.	This practice has been corrected and bank reconciliations are done in a timely manner.
2018-005	Material weakness over Income Tax Collections.	Not Corrected.	Village believes using RITA will correct these issues.
2018-006	Material weakness – Board approved estimated receipts and appropriations did not agree to amounts entered in UAN system.	Not Corrected.	The Fiscal Officer will monitor revenue and expenditures and request amendments to the certificate from the County Auditor and amended the appropriation resolution
2018-007	Material weakness of posting receipts and disbursement and classification of fund balances.	Not Corrected.	The Fiscal Officer will review the Village Officers Handbook for guidance.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF POMEROY

MEIGS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/23/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov