



**VILLAGE OF POMEROY
MEIGS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF POMEROY
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Schedule of Federal Awards Expenditures	11
Notes to the Schedule of Federal Awards Expenditures	12
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Report of Independent Accountants on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance With OMB Circular A-133	15
Schedule of Findings - <i>OMB Circular A-133 § .505</i>	17
Schedule of Prior Audit Findings - <i>OMB Circular A-133 § .315 (b)</i>	21
Corrective Action Plan - <i>OMB Circular A-133 § .315 (c)</i>	22

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Pomeroy, Meigs County, Ohio, (the Village) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Pomeroy, Meigs County, as of December 31, 1999, and its combined cash receipts and cash disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 22, 2000

VILLAGE OF POMEROY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$353,665	\$78,386	\$	\$5,224	\$437,275
Intergovernmental Receipts	151,233	318,303		696	470,232
Charges for Services		17,125			17,125
Fines, Licenses, and Permits	101,240	5,915			107,155
Earnings on Investments	8,602	2,275	190		11,067
Rental Income			11,500		11,500
Miscellaneous	19,878	1,818			21,696
Total Cash Receipts	<u>634,618</u>	<u>423,822</u>	<u>11,690</u>	<u>5,920</u>	<u>1,076,050</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	352,661	62,066		2,648	417,375
Public Health Services		8,425			8,425
Leisure Time Activities		1,698			1,698
Basic Utility Services	5,982				5,982
Transportation		521,818			521,818
General Government	210,134	3,149		209	213,492
Debt Service:					
Principal Payments	3,642	11,797	4,000		19,439
Interest Payments	3,020	3,541	1,800		8,361
Financing and Other Debt-Service Related		53			53
Total Disbursements	<u>575,439</u>	<u>612,547</u>	<u>5,800</u>	<u>2,857</u>	<u>1,196,643</u>
Total Receipts Over/(Under) Disbursements	<u>59,179</u>	<u>(188,725)</u>	<u>5,890</u>	<u>3,063</u>	<u>(120,593)</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes		82,000			82,000
Sale Of Fixed Assets	1,056	200			1,256
Transfers-In		120,000			120,000
Transfers-Out	(120,000)				(120,000)
Total Other Financing Receipts/(Disbursements)	<u>(118,944)</u>	<u>202,200</u>			<u>83,256</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(59,765)</u>	<u>13,475</u>	<u>5,890</u>	<u>3,063</u>	<u>(37,337)</u>
Fund Cash Balances, January 1	<u>89,784</u>	<u>96,153</u>	<u>482</u>	<u>4,342</u>	<u>190,761</u>
Fund Cash Balances, December 31	<u><u>\$30,019</u></u>	<u><u>\$109,628</u></u>	<u><u>\$6,372</u></u>	<u><u>\$7,405</u></u>	<u><u>\$153,424</u></u>
Reserves for Encumbrances, December 31	<u><u>\$4,119</u></u>	<u><u>\$12,630</u></u>			<u><u>\$16,749</u></u>

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

VILLAGE OF POMEROY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$422,286	\$	\$	\$422,286
Miscellaneous	9,615			9,615
Total Operating Cash Receipts	431,901			431,901
Operating Cash Disbursements:				
Personal Services	150,059			150,059
Supplies and Materials	205,210			205,210
Capital Outlay	32,521			32,521
Total Operating Cash Disbursements	387,790			387,790
Operating Income/(Loss)	44,111			44,111
Non-Operating Cash Receipts:				
Intergovernmental Receipts	665,000			665,000
Proceeds from Notes and Bonds	184,040			184,040
Other Non-Operating Receipts			103,154	103,154
Total Non-Operating Cash Receipts	849,040		103,154	952,194
Non-Operating Cash Disbursements:				
Debt Service:				
Principal	26,286			26,286
Interest	6,892			6,892
Other Non-Operating Cash Disbursements	829,028		102,319	931,347
Total Non-Operating Cash Disbursements	862,206		102,319	964,525
Net Receipts Over/(Under) Disbursements	30,945		835	31,780
Fund Cash Balances, January 1	97,682	45,269	7,117	150,068
Fund Cash Balances, December 31	\$128,627	\$45,269	\$7,952	\$181,848
Reserve for Encumbrances, December 31	\$22,210			\$22,210

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

**VILLAGE OF POMEROY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money to construct, maintain and repair Village streets.

Motor Vehicle License Permissive Tax Fund - Received motor vehicle tax money for maintaining Village roads.

VILLAGE OF POMEROY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

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

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

4. Enterprise Funds

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

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

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

5. Fiduciary Funds (Trust and Agency Funds)

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

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

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

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF POMEROY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>
Demand deposits	\$ 247,661
Certificates of Deposit	78,783
Mayor's Court Demand Account	7,952
U.S. Savings Bond	500
Petty Cash	<u>376</u>
Total deposits and investments	<u><u>\$ 335,272</u></u>

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

VILLAGE OF POMEROY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 634,331	\$ 635,674	\$ 1,343
Special Revenue	622,637	626,022	3,385
Debt Service	12,100	11,690	(410)
Expendable Trust	5,920	5,920	0
Enterprise	1,502,152	1,280,941	(221,211)
Nonexpendable Trust	300	0	(300)
Total	<u>\$ 2,777,440</u>	<u>\$ 2,560,247</u>	<u>\$ (217,193)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 641,293	\$ 699,558	\$ (58,265)
Special Revenue	432,480	625,177	(192,697)
Debt Service	5,851	5,800	51
Expendable Trust	9,272	2,857	6,415
Enterprise	1,566,884	1,272,206	294,678
Nonexpendable Trust	45,894	0	45,894
Total	<u>\$ 2,701,674</u>	<u>\$ 2,605,598</u>	<u>\$ 96,076</u>

4. PROPERTY TAX

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

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

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

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

**VILLAGE OF POMEROY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	Principal	Interest Rate
General Obligation Bonds-Water	\$ 185,000	5.25%
General Obligation Note-Building	32,000	5.00%
General Obligation Note-Property	41,699	Variable
General Obligation Note-Dump Truck	44,628	5.50%
General Obligation Note-Trucks	23,714	4.90%
General Obligation Note-Paving	80,647	5.75%
Ohio Public Works Commission Loan	154,040	2.00%
Total	\$ 561,728	

The general obligation bonds were used to construct water wells. The bonds were for \$240,000 and will be repaid in annual installments of \$15,000-\$25,000, plus interest, through 2007. The building note was for the purchase of property. This loan was for \$100,000 and will be repaid in annual installments of \$4,000, plus interest, through 2007. The property note was for the purchase of property. This loan was for \$62,272. Due the variable interest rate which changes in March of each year, the monthly payments through March of 2000 are \$550.95. The remainder will be repaid in monthly installments of \$571.36, including interest, through 2008. The dump truck note was for the purchase of a dump truck. This loan was for \$57,596 and will be repaid in monthly installments of \$1,100.19, including interest through 2003. The truck note was for the purchase of two trucks. This loan was for \$30,000 and will be repaid in monthly installments of \$897.78, including interest through 2002. The paving note was for paving of Pomeroy streets. This loan was for \$82,000 and will be repaid in monthly installments of \$1,067.70, including interest through 2007. The Ohio Public Works Commission loan was for the sewer project. The total amount of the loan awarded was \$175,000. However, the amount due at December 31 was \$154,040. The remaining amount of the loan was received in 2000. The loan has not been closed to date and, thus, there is no amortization schedule.

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

Year Ending December 31	Water Bonds	Building Note	Property Note	Dump Truck Note	Truck Note	Paving Note
2000	\$ 29,713	\$5,600	\$6,795	\$13,202	\$10,773	\$12,812
2001	28,663	5,400	6,856	13,202	10,773	12,812
2002	27,613	5,200	6,856	13,202	3,591	12,812
2003	31,563	5,000	6,856	9,899	0	12,812
2004	30,250	4,800	6,856	0	0	12,812
Subsequent	82,875	13,200	22,283	0	0	36,299
Total	\$230,677	\$39,200	\$56,502	\$49,505	\$25,137	\$100,359

VILLAGE OF POMEROY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General Liability
- Vehicles
- Property
- Inland Marine

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

**VILLAGE OF POMEROY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant Small Cities Program	CW982481	14.228	\$443,215
Total U.S. Department of Housing and Urban Development			<u>443,215</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct from Federal Government:</i>			
Public Safety Partnership and Community Grant	CFWX4654	16.710	<u>5,717</u>
Total U.S. Department of Justice			<u>5,717</u>
<u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Passed through Ohio Department of Emergency Management:</i>			
Public Assistance Grants	DSR8595 DSR41820	83.544	2,112 <u>11,247</u>
Total U.S. Department of Federal Emergency Management Agency			<u>13,359</u>
Total Federal Award Expenditures			<u><u>\$462,291</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**VILLAGE OF POMEROY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village of Pomeroy's (the Village) federal awards programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Pomeroy, Meigs County, Ohio (the Village), as of and for the year ended December 31, 1999, and have issued our report thereon dated August 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-30753-001 through 1999-30753-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-30753-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We do not consider the reportable condition item 1999-30753-001 described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 22, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 22, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Village Council:

Compliance

We have audited the compliance of the Village of Pomeroy, Meigs County, Ohio (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Village's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Pomeroy, Meigs County, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999. However, we noted a certain instance of noncompliance did not require inclusion in this report that we have reported to the management of the Village in a separate letter dated August 22, 2000.

Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 22, 2000.

This report is intended for the information and use of management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

August 22, 2000

**VILLAGE OF POMEROY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant CFDA# 14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**VILLAGE OF POMEROY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999
(Continued)**

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

FINDING NUMBER 1999-30753-001

Noncompliance Citation

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

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

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

A case was reviewed where cash and marijuana were ordered forfeited to the Village. There was no record of the cash or the marijuana in the evidence locker or in the case file.

Proper recording and security of property will help prevent irregularities from occurring, and provides a better audit trail. We recommend that the whereabouts of all property received be properly accounted for at all times. In addition, any weapons should be held in close security, with limited access to them. All evidence held should be properly identified and accounted for. Upon review of the Police Department's evidence locker, it was noted that all items may not have been properly identified. There was no log maintained as to what evidence was located in the locker.

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

**VILLAGE OF POMEROY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999
(Continued)**

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

FINDING NUMBER 1999-30753-002

Noncompliance Citation

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

Expenditures exceeded appropriations on December 31 in the General Fund by \$58,265, the Permissive Tax Fund by \$227,334, the FEMA Fund by \$29,819, and the Street Construction, Maintenance and Repair Fund by \$7,170. Expenditures also exceeded appropriations at the legal level of control in the General Fund's Mayor and Administrative Offices line item by \$42,063. This could lead to negative fund balances if not monitored.

We recommend the Village Clerk routinely compare the appropriations to the actual disbursements at the legal level of control. The Village Clerk should seek Council amendment of appropriations before approving payments that exceed the legal level of control.

FINDING NUMBER 1999-30753-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) provides that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached to the order or contract 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 encumbrances.

The following exception to this basic requirement is provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution of ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority 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 of the taxing authority.

The Village utilized purchase orders which included the Village Clerk's certification 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. There were instances in which the dates on the invoices preceded the dates on the purchase orders. The Village Clerk also did not record purchase orders in the appropriation ledger until payment was made which results in no tracking of encumbrances. Therefore, the Village was not actually encumbering funds as required.

VILLAGE OF POMEROY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999
(Continued)

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

FINDING NUMBER 1999-30753-003 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41 (D) (Continued)

We recommend the Village Clerk prepare purchase orders prior to the Village incurring obligations. We further recommend the Village Clerk encumber funds when issuing purchase orders. This will enable the Village to better monitor appropriations and outstanding encumbrances. This will also enable the Village Clerk to assure 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 when making her certification.

3. FINDINGS FOR FEDERAL AWARDS

None.

VILLAGE OF POMEROY
SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
DECEMBER 31, 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-30753-001	Ohio Revised Code Section 2933.41 - Village did not have a required internal control policy, nor did Village submit report to Attorney General	No	No corrective action taken. We have reviewed the prior year noncompliance and have added the current year's noncompliance.

**VILLAGE OF POMEROY
CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
DECEMBER 31, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-30753-001	Village will establish the required internal control policy and submit the required report to the Attorney General.	12/31/00	Kathy Hysell, Clerk
1999-30753-002	Clerk will closely monitor appropriations to actual disbursements at the legal level and will have Council approve amended appropriations and file them with the County Auditor when it is apparent that disbursements will exceed appropriations.	12/31/00	Kathy Hysell, Clerk
1999-30753-003	Clerk intends to prepare purchase orders prior to the Village incurring obligations. The Clerk will also encumber funds when issuing purchase orders.	12/31/00	Kathy Hysell, Clerk



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF POMEROY

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 24, 2000**