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Certified Public Accountants, A.C.

**VILLAGE OF POMEROY
MEIGS COUNTY
Regular Audit
For the Years Ended
December 31, 2014, 2013 and 2012**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of Pomeroy
660 E Main St. Ste A
Pomeroy, OH 45769

We have reviewed the *Independent Auditor's Report* of the Village of Pomeroy, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 14, 2015

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VILLAGE OF POMEROY
MEIGS COUNTY

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INDEPENDENT AUDITOR'S REPORT

October 26, 2015

Village of Pomeroy
Meigs County
320 E. Main St.
Pomeroy, OH 45769

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Pomeroy**, Meigs County (the Village) as of and for the years ended December 31, 2014, 2013 and 2012.

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 Section 117.38 and Ohio Administrative Code Section 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 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.



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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinions on this accounting basis are in the *Additional Opinion Qualification* and *Unmodified Opinion on Regulatory Basis of Accounting* paragraphs 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, 2014, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Payroll disbursements are reported as follows for the year ended December 31, 2013: General Fund in the amount of \$217,879, or 29% of total General Fund disbursements; Special Revenue Funds in the amount of \$18,749, or 7% of total Special Revenue Funds' disbursements; and Enterprise Funds in the amount of \$150,249, or 2% of total Enterprise Funds' disbursements. During our auditing procedures, we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as payroll disbursements. Due to missing supporting documentation, we were unable to determine the accuracy of the payroll disbursements and whether any adjustments to these amounts were necessary.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the General, Special Revenue and Enterprise Funds of the Village of Pomeroy, Meigs County, as of December 31, 2013 and the respective combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Capital Projects, Permanent and Agency Funds, as of December 31, 2013, and the combined cash balances of the Village of Pomeroy, Meigs County, as of December 31, 2012 and 2014, and the respective combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015, 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.

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

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF POMEROY
MEIGS COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 59,340	\$ 88,901	\$ -	\$ -	\$ 148,241
Municipal Income Tax	358,500	-	-	-	358,500
Intergovernmental	101,972	103,497	-	-	205,469
Charges for Services	59,842	530	-	-	60,372
Fines, Licenses and Permits	254,944	29,895	-	-	284,839
Earnings on Investments	157	101	-	-	258
Miscellaneous	32,647	23,588	-	-	56,235
<i>Total Cash Receipts</i>	<u>867,402</u>	<u>246,512</u>	<u>-</u>	<u>-</u>	<u>1,113,914</u>
Cash Disbursements					
Current:					
Security of Persons and Property	520,216	94,303	-	-	614,519
Public Health Services	-	20,237	-	-	20,237
Leisure Time Activities	-	1,564	-	-	1,564
Transportation	-	182,444	-	-	182,444
General Government	229,432	12,840	-	-	242,272
Capital Outlay	47,739	-	-	-	47,739
Debt Service:					
Principal Retirement	19,878	-	-	-	19,878
Interest and Fiscal Charges	21,838	-	-	-	21,838
<i>Total Cash Disbursements</i>	<u>839,103</u>	<u>311,388</u>	<u>-</u>	<u>-</u>	<u>1,150,491</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>28,299</u>	<u>(64,876)</u>	<u>-</u>	<u>-</u>	<u>(36,577)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	20,108	-	-	-	20,108
Debt Proceeds	47,739	-	-	-	47,739
Other Financing Uses	(20,500)	-	-	-	(20,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>47,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,347</u>
<i>Net Change in Fund Cash Balances</i>	75,646	(64,876)	-	-	10,770
<i>Fund Cash Balances, January 1</i>	<u>27,894</u>	<u>258,188</u>	<u>53,764</u>	<u>38,782</u>	<u>378,628</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	36,383	36,383
Restricted	-	246,427	53,764	2,399	302,590
Unassigned (Deficit)	103,540	(53,115)	-	-	50,425
<i>Fund Cash Balances, December 31</i>	<u>\$ 103,540</u>	<u>\$ 193,312</u>	<u>\$ 53,764</u>	<u>\$ 38,782</u>	<u>\$ 389,398</u>

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

VILLAGE OF POMEROY
MEIGS COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>Enterprise</u>	<u>Agency</u>
Operating Cash Receipts:		
Charges for Services	\$ 620,130	\$ -
Total Operating Cash Receipts	<u>620,130</u>	<u>-</u>
Operating Cash Disbursements:		
Personal Services	257,944	-
Employee Fringe Benefits	83,455	-
Contractual Services	203,576	-
Supplies and Materials	131,430	-
Other	<u>5,113</u>	<u>-</u>
Total Operating Cash Disbursements	<u>681,518</u>	<u>-</u>
Operating Income	<u>(61,388)</u>	<u>-</u>
Non-Operating Cash Receipts (Disbursements):		
Intergovernmental	661,082	-
Miscellaneous Receipts	11,007	-
Debt Proceeds	740,833	-
Capital Outlay	(649,889)	-
Principal Retirement	(722,277)	-
Interest and Other Fiscal Charges	(26,347)	-
Other Financing Sources	-	227,792
Other Financing Uses	<u>-</u>	<u>(227,792)</u>
Total Non-Operating Cash Receipts (Disbursements)	<u>14,409</u>	<u>-</u>
Net Change in Fund Cash Balances	(46,979)	-
Fund Cash Balances, January 1	<u>(147,391)</u>	<u>1,591</u>
Fund Cash Balances, December 31	<u>\$ (194,370)</u>	<u>\$ 1,591</u>

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

VILLAGE OF POMEROY
MEIGS COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 25,388	\$ 100,279	\$ -	\$ -	\$ 125,667
Municipal Income Tax	404,447	-	-	-	404,447
Intergovernmental	101,732	325,001	-	-	426,733
Charges for Services	51,161	-	44,799	-	95,960
Fines, Licenses and Permits	135,698	9,036	-	-	144,734
Earnings on Investments	349	-	-	114	463
Miscellaneous	17,535	6,988	-	-	24,523
<i>Total Cash Receipts</i>	<u>736,310</u>	<u>441,304</u>	<u>44,799</u>	<u>114</u>	<u>1,222,527</u>
Cash Disbursements					
Current:					
Security of Persons and Property	439,104	25,036	-	-	464,140
Public Health Services	-	19,179	-	-	19,179
Leisure Time Activities	-	1,192	-	-	1,192
Basic Utility Services	2,395	18,580	-	-	20,975
Transportation	-	165,160	-	-	165,160
General Government	260,075	754	-	-	260,829
Capital Outlay	-	36,561	-	-	36,561
Debt Service:					
Principal Retirement	25,189	6,582	-	-	31,771
Interest and Fiscal Charges	17,080	1,183	-	-	18,263
<i>Total Cash Disbursements</i>	<u>743,843</u>	<u>274,227</u>	<u>-</u>	<u>-</u>	<u>1,018,070</u>
<i>Net Change in Fund Cash Balances</i>	<u>(7,533)</u>	<u>167,077</u>	<u>44,799</u>	<u>114</u>	<u>204,457</u>
<i>Fund Cash Balances, January 1</i>	<u>35,427</u>	<u>91,111</u>	<u>8,965</u>	<u>38,668</u>	<u>174,171</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	36,383	36,383
Restricted	-	280,501	53,764	2,399	336,664
Committed	-	2,598	-	-	2,598
Unassigned (Deficit)	27,894	(24,911)	-	-	2,983
<i>Fund Cash Balances, December 31</i>	<u>\$ 27,894</u>	<u>\$ 258,188</u>	<u>\$ 53,764</u>	<u>\$ 38,782</u>	<u>\$ 378,628</u>

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>Enterprise</u>	<u>Agency</u>
Operating Cash Receipts:		
Charges for Services	\$ 530,389	\$ -
Total Operating Cash Receipts	<u>530,389</u>	<u>-</u>
Operating Cash Disbursements:		
Personal Services	150,249	-
Employee Fringe Benefits	19,558	-
Contractual Services	59,216	-
Supplies and Materials	212,936	-
Other	<u>5,232</u>	<u>-</u>
Total Operating Cash Disbursements	<u>447,191</u>	<u>-</u>
Operating Income	<u>83,198</u>	<u>-</u>
Non-Operating Cash Receipts (Disbursements):		
Intergovernmental	4,173,513	-
Miscellaneous Receipts	17,138	-
Debt Proceeds	4,169,595	-
Capital Outlay	(4,900,660)	-
Principal Retirement	(4,086,439)	-
Interest and Other Fiscal Charges	(26,393)	-
Other Financing Sources	-	155,256
Other Financing Uses	<u>-</u>	<u>(155,256)</u>
Total Non-Operating Cash Receipts (Disbursements)	<u>(653,246)</u>	<u>-</u>
Net Change in Fund Cash Balances	(570,048)	-
Fund Cash Balances, January 1	<u>422,657</u>	<u>1,591</u>
Fund Cash Balances, December 31	<u>\$ (147,391)</u>	<u>\$ 1,591</u>

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

VILLAGE OF POMEROY
MEIGS COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 48,054	\$ 84,221	\$ -	\$ -	\$ 132,275
Municipal Income Tax	352,627	-	-	-	352,627
Intergovernmental	87,685	948,760	-	-	1,036,445
Charges for Services	57,214	2,041	35,266	-	94,521
Fines, Licenses and Permits	165,576	10,120	-	-	175,696
Earnings on Investments	275	49	-	268	592
Miscellaneous	2,986	17,680	-	-	20,666
<i>Total Cash Receipts</i>	<u>714,417</u>	<u>1,062,871</u>	<u>35,266</u>	<u>268</u>	<u>1,812,822</u>
Cash Disbursements					
Current:					
Security of Persons and Property	492,907	48,119	-	-	541,026
Public Health Services	-	18,833	-	-	18,833
Leisure Time Activities	-	4,960	-	-	4,960
Basic Utility Services	10,669	21,312	-	-	31,981
Transportation	-	946,844	-	-	946,844
General Government	167,400	4,596	-	-	171,996
Capital Outlay	-	-	25,210	-	25,210
Debt Service:					
Principal Retirement	20,492	8,235	75,032	-	103,759
Interest and Fiscal Charges	24,126	500	1,091	-	25,717
<i>Total Cash Disbursements</i>	<u>715,594</u>	<u>1,053,399</u>	<u>101,333</u>	<u>-</u>	<u>1,870,326</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,177)</u>	<u>9,472</u>	<u>(66,067)</u>	<u>268</u>	<u>(57,504)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	20,250	-	-	-	20,250
Other Debt Proceeds	-	-	75,032	-	75,032
Other Financing Uses	(786)	-	-	-	(786)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>19,464</u>	<u>-</u>	<u>75,032</u>	<u>-</u>	<u>94,496</u>
<i>Net Change in Fund Cash Balances</i>	18,287	9,472	8,965	268	36,992
<i>Fund Cash Balances, January 1</i>	<u>17,140</u>	<u>81,639</u>	<u>-</u>	<u>38,400</u>	<u>137,179</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	36,383	36,383
Restricted	-	91,111	8,965	2,285	102,361
Unassigned (Deficit)	35,427	-	-	-	35,427
<i>Fund Cash Balances, December 31</i>	<u>\$ 35,427</u>	<u>\$ 91,111</u>	<u>\$ 8,965</u>	<u>\$ 38,668</u>	<u>\$ 174,171</u>

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise	Agency
Operating Cash Receipts:		
Charges for Services	\$ 616,609	\$ -
Total Operating Cash Receipts	616,609	-
Operating Cash Disbursements:		
Personal Services	208,112	-
Employee Fringe Benefits	65,941	-
Contractual Services	434,860	-
Supplies and Materials	237,918	-
Other	6,612	-
Total Operating Cash Disbursements	953,443	-
Operating Income	(336,834)	-
Non-Operating Cash Receipts (Disbursements):		
Debt Proceeds	1,411,590	-
Intergovernmental	2,239,132	-
Miscellaneous Receipts	739	-
Capital Outlay	(1,621,785)	-
Principal Retirement	(1,331,889)	-
Interest and Other Fiscal Charges	(6,473)	-
Other Financing Sources	-	182,484
Other Financing Uses	-	(182,484)
Total Non-Operating Cash Receipts (Disbursements)	691,314	-
Net Change in Fund Cash Balances	354,480	-
Fund Cash Balances, January 1	68,177	1,591
Fund Cash Balances, December 31	\$ 422,657	\$ 1,591

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Pomeroy, Meigs County, (the Village) as a body corporate and politic. A publicly-elected six-member Council 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.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Plan Risk Management, Inc. (OPRM) is a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. 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.

Certificates of deposit are valued at cost.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. 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:

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

FEMA Fund – This fund receives Federal grant monies for disaster relief.

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

3. Capital Projects 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 Projects Fund:

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

5. 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 Village's programs (for the benefit of the Village or its citizenry). The Village had the following significant Permanent Fund:

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

6. 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 Operating Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

7. 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 funds account for Mayor's Court transactions and unclaimed funds.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014, 2013 and 2012 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

2. 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.

3. 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.

4. 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.

5. 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.

G. Property, Plant and Equipment

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

H. 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
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Continued)**

2. EQUITY IN POOLED DEPOSITS

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:

	2014	2013	2012
Demand deposits	\$ 146,336	\$ 182,545	\$ 548,136
Certificates of deposit	50,283	50,283	50,283
Total deposits	<u>\$ 196,619</u>	<u>\$ 232,828</u>	<u>\$ 598,419</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2014, 2013 and 2012 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 764,684	\$ 935,249	\$ 170,565
Special Revenue	190,651	246,512	55,861
Permanent	269	-	(269)
Enterprise	649,563	2,033,052	1,383,489
Total	<u>\$ 1,605,167</u>	<u>\$ 3,214,813</u>	<u>\$ 1,609,646</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 792,578	\$ 859,603	\$ (67,025)
Special Revenue	271,281	311,388	(40,107)
Capital Projects	8,965	-	8,965
Permanent	38,918	-	38,918
Enterprise	502,172	2,080,031	(1,577,859)
Total	<u>\$ 1,613,914</u>	<u>\$ 3,251,022</u>	<u>\$ (1,637,108)</u>

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 736,310	\$ 736,310
Special Revenue	-	441,304	441,304
Capital Projects	-	44,799	44,799
Permanent	-	114	114
Enterprise	-	8,890,635	8,890,635
Total	<u>\$ -</u>	<u>\$ 10,113,162</u>	<u>\$ 10,113,162</u>

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 743,843	\$ (743,843)
Special Revenue	-	274,227	(274,227)
Enterprise	-	9,460,683	(9,460,683)
Total	<u>\$ -</u>	<u>\$ 10,478,753</u>	<u>\$ (10,478,753)</u>

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 683,526	\$ 734,667	\$ 51,141
Special Revenue	273,905	1,062,871	788,966
Capital Projects	-	110,298	110,298
Permanent	1,350	268	(1,082)
Enterprise	1,105,344	4,268,070	3,162,726
Total	<u>\$ 2,064,125</u>	<u>\$ 6,176,174</u>	<u>\$ 4,112,049</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 700,666	\$ 716,380	\$ (15,714)
Special Revenue	355,544	1,053,399	(697,855)
Capital Projects	-	101,333	(101,333)
Permanent	39,749	-	39,749
Enterprise	1,173,521	3,913,590	(2,740,069)
Total	<u>\$ 2,269,480</u>	<u>\$ 5,784,702</u>	<u>\$ (3,515,222)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in 2014 in the General, Street Construction, Maintenance and Repair, FEMA, Water Operating and Sewer Operating Funds, in 2013 in all funds and in 2012 in the General, Federal Grant, FEMA, Other Capital Projects and Sewer Operating Funds. Contrary to Ohio law, the Village did not file its Certificate of Estimated Resources with the County or approve appropriations in 2013.

4. PROPERTY TAX

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.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Continued)**

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one 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 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 individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants who were full time police contributed 10% of their wages through June 30, 2013, 10.75% from July 1, 2013 through June 30, 2014, and 11.5% thereafter. The Village contributed 19.5% throughout 2012, 2013 and 2014. For 2012, 2013 and 2014, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village had paid all contributions required through December 31, 2014.

7. RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767, 774 and 783 members as of December 31, 2012, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Continued)**

7. RISK MANAGEMENT (Continued)

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012, 2013 and 2014:

	2012	2013	2014
Assets	\$ 13,100,381	\$ 13,774,304	\$ 14,830,185
Liabilities	(6,687,193)	(7,968,395)	(8,942,504)
Members' Equity	\$ 6,413,188	\$ 5,805,909	\$ 5,887,681

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

8. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest
OPWC CR15B	\$ 64,669	2.00%
OPWC CR10D	33,781	2.00%
OPWC CR08K	191,800	0.00%
OWDA 4047	463,900	2.00%
OWDA 5220	66,050	0.00%
OWDA 6221	704,397	2.00%
OWDA 6842	70,575	2.00%
Building Loan	520,575	4.10%
Police Cruiser Loan	41,026	2.95%
Total	\$ 2,156,773	

The Paver note was issued in 2005 for paving various Village streets. The note was for \$58,000 and was retired in 2013. The Walk Path Project note was for construction of the walk path along the Ohio River. This loan was for \$100,000 and was retired in 2012. The note balance was misstated as of December 31, 2011 as \$2,015 and should have been \$2,136. The Tanker Truck note was for the purchase of a new tanker truck in 2007. This note was for \$39,022 and was retired in 2012. The note balance was misstated as of December 31, 2011 as \$5,743 and should have been \$4,295. The Farmers Bank Equipment note was issued in 2012 for \$76,123 and was retired in 2012. The OWDA CSO Elimination Phase I Planning Loan 5727 was retired in 2013. This loan was not recorded on the Village's books in 2010 and the balance at January 1, 2013 was \$485,682. The Paving Project note was issued in 2008 for paving various Village streets. The note was for \$40,000 and was retired in 2013. The Village had a pumper truck lease that was incorrectly recorded as a debt balance at December 31, 2011 as \$34,194.

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 Watermain 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 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.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Continued)**

8. DEBT (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 semi-annual installments of \$1,295, through 2040. The OWDA 6048 Loan CSO Elimination Project Phase II is a principal forgiveness loan, with \$909,717 disbursed and repaid in 2012 and \$465,284 disbursed and repaid in 2013. 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 6358 Loan CSO Elimination Project Phase III is a principal forgiveness loan, with \$3,125,064 disbursed and repaid in 2013 and \$633,143 disbursed and repaid in 2014. The OWDA 6842 Loan Booster Station project's total amount awarded as of December 31, 2014 was \$98,514, with \$27,939 of that amount repaid as principal forgiveness.

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 2014 for \$47,739. The note will be repaid in monthly installments of \$857, including interest through 2019.

The following is a summary of the Village's future annual debt service requirements:

Year	Police Cruiser	Building	OWDA 4047
2015	\$ 9,424	\$ 33,577	\$ 28,258
2016	10,281	33,577	28,258
2017	10,281	33,577	28,258
2018	10,281	33,577	28,258
2019	3,427	33,577	28,258
2020-2024	-	167,887	141,290
2025-2029	-	167,887	141,290
2030-2034	-	167,887	141,290
2035-2039	-	167,887	-
2040	-	2,793	-
Total	<u>\$ 43,694</u>	<u>\$ 842,226</u>	<u>\$ 565,160</u>

Year	OPWC CR08K	OPWC CR10D	OPWC CR15B
2015	\$ 7,992	\$ 4,873	\$ 10,659
2016	7,992	4,873	10,660
2017	7,992	4,873	10,659
2018	7,992	4,873	10,660
2019	7,991	4,873	10,659
2020-2024	39,958	12,182	15,989
2025-2029	39,958	-	-
2030-2034	39,958	-	-
2035-2039	31,967	-	-
Total	<u>\$ 191,800</u>	<u>\$ 36,547</u>	<u>\$ 69,286</u>

Amortization schedules for OWDA Loans 5220, 6221 and 6842 are not yet available.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Continued)**

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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Marietta, OH 45750
740.373.0056

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Parkersburg, WV 26101
304.422.2203

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740.695.1569

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

October 26, 2015

Village of Pomeroy
Meigs County
320 E. Main St.
Pomeroy, OH 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 **Village of Pomeroy**, Meigs County (the Village) as of and for the years ended December 31, 2014, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated October 26, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion on the General, Special Revenue and Proprietary Funds in 2013 for payroll disbursements.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

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 a 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. We consider findings 2014-001 through 2014-013 described in the accompanying schedule of audit findings to be material weaknesses.



...*"bringing more to the table"*

Tax- Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll
Litigation Support - Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-014 and 2014-015 described in the accompanying schedule of audit findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 audit findings as items 2014-003 through 2014-013.

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 communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

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

FINDING NUMBER 2014-001

Material Weakness

Posting Receipts, Disbursements and Classification of Fund Balances

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2014, 2013 and 2012, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- Receipts and disbursements were not posted in the proper year in 2012 and 2013;
- Real estate tax settlements were recorded in incorrect funds in 2012 and 2013;
- Real estate tax settlements were posted at net of fees instead of gross in 2012 and 2013;
- Motor vehicle license tax receipts were posted to incorrect funds in 2012 and 2013;
- Loan principal and interest payments were not properly allocated to Principal Retirement and Interest and Fiscal Charges in 2012, 2013 and 2014;
- General Fund balance were classified as Committed instead of Unassigned in 2012;
- Transfers and Advances were included on UAN combined statements but not on Village's ledgers in 2012;
- Gasoline tax receipts were not properly allocated between the Street Construction, Maintenance and Repair and State Highway Funds in 2012 and 2013;
- Debt proceeds and corresponding disbursements were not recorded in 2012, 2013 and 2014;
- OWDA loan principal forgiveness receipts and disbursements were not recorded in 2012, 2013 and 2014;
- Utility deposits were recorded in incorrect line items in 2012, 2013 and 2014;
- Nonspendable portion of Beech Grove Cemetery Fund balance classified as Restricted instead of Nonspendable in 2012;
- Mayor's Court activity was not properly recorded in an Agency Fund in 2012, 2013 and 2014;
- Rollback and homestead receipts were recorded in an incorrect line item in 2013;
- Workers' compensation rebate was recorded in an incorrect line item in 2013;
- FEMA grant receipt was recorded in the incorrect fund in 2013;
- Permissive motor vehicle license tax receipts and related disbursements were recorded in the incorrect fund in 2014;

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-001 (Continued)

Posting Receipts, Disbursements and Classification of Fund Balances (Continued)

We also recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

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

FINDING NUMBER 2014-002

Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks, transfers between bank accounts and other reconciling items were included on the initial bank reconciliation of the Council and carried forward throughout the audit period. The lack of proper reconciliations among the bank statements and ledgers resulted in numerous errors which remained uncorrected until the audit. The extensive problems with these reconciliations resulted in the need for the Village to obtain from the Auditor of State's Local Government Services Office detailed proofs of cash for each month and a reconstruction of the cash book for 2013.

We also noted that the Village opened a bank account for police department seized drug money in 2013, but did not include this balance in its financial statement activity. The account balance at December 31, 2014 is approximately \$800.

Sound financial reporting is the responsibility of the Fiscal Officer and Council and is essential to ensure the information provided to readers of the financial statements is complete and accurate.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total book balance. Copies of bank reconciliations should be presented to Council for review, approval, and use in managing the Village. The Fiscal Officer should reconcile activity entered in the accounting system to the bank balance.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-003

Material Weakness/Noncompliance

Ohio Revised Code Section 9.38 states that public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

We noted numerous receipts that were not deposited timely.

We recommend the Village take steps to ensure deposits are made timely as required by Ohio Revised Code. In addition, the Village could adopt the above-mentioned policy to allow deposits of less than \$1,000 to be deposited within three business days.

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

FINDING NUMBER 2014-004

Material Weakness/Noncompliance

Ohio Revised Code Section 121.22(C) states, in part, that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed and maintained and shall be open to public inspection.

From our review of the Village's records, we noted the minutes of the Village Council were kept in file folders. All of the meeting minutes during 2013 were missing from the folder and the Fiscal Officer could not locate them.

The Village's failure to maintain the minutes and resolutions of the Council in a permanent bound record with all other meetings and resolutions resulted in the Village not being able to provide the minutes for all the Council meetings held during the audit period.

We recommend the Fiscal Officer take necessary care in the preparation of the minutes to document all official actions and Council carefully review the minutes to ensure their accuracy.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-005

Material Weakness/Noncompliance

Ohio Revised Code Section 145.47 provides, in part, “each public employee who is a contributor to the public employees retirement system shall contribute eight percent of the contributor’s earnable salary to the employees’ savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten percent of the employee’s earnable salary.

The fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions. A penalty of five per cent of the total amount due for the particular reporting period shall be added when such report, together with warrants of checks to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period.”

During testing, we noted the Village did not remit the employee and employer shares of withholdings to the agency timely. The Village was required to pay penalties and interest to OPERS during the audit period due to delayed remittance of pension withholdings. A key control in the payroll process is to assure payroll withholdings are withheld at the correct rates and submitted to the appropriate agencies timely. Failure to comply with the statute could result in additional late fees and penalties and may result in misstatement of the financial statements.

We recommend the Fiscal Officer should file the Report of Contributions no later than thirty days after the end of the reporting period to ensure that the Village does not incur a five percent penalty.

Officials’ Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2014-006

Material Weakness/Noncompliance

Ohio Revised Code Section 149.351(A) establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law.

For the audit period the following documentation were not provided by Village:

- Payroll Disbursements – no supporting documentation for payroll disbursements for 2013.

Inadequate supporting documentation eliminates a significant control point, obscures the audit trail and provides for the opportunity for errors and irregularities occurring and not being detected by management in a timely manner.

We recommend the Village keep all documentation to support payroll disbursements.

Officials’ Response – We did not receive a response from officials to this finding.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-007

Material Weakness/Noncompliance

Ohio Revised Code 733.40 requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- Mayor's Court remittances were not made timely to the Village's General Fund or to the Treasurer of State;
- Mayor's Court Agency Fund was not maintained.

These weaknesses could allow recording errors and irregularities to occur and remain undetected.

We recommend the Village distribute the correct fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates.

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

FINDING NUMBER 2014-008

Material Weakness/Noncompliance

Ohio Revised Code Section 742.35 states that each employer shall pay its annual police officer employers' contribution and firefighter employers' contribution in four equal installments promptly as provided in sections 742.33 and 742.34 of the Revised Code. If an employer fails to make a payment on or before the date that is sixty days after the last day of the calendar quarter, a penalty determined under section 742.352 of the Revised Code shall be assessed against the employer. In addition, interest on past due accounts and penalties may be charged at a rate determined by the board from the date the installment is due to the date of payment.

The Village was required to pay penalties and interest to Ohio Police & Fire Pension Fund (OP&F) during the audit period due to delayed remittance of withholdings.

We recommend the Village establish procedures to assure that pension contributions withheld from the gross wages of all employees be remitted to the appropriate agency on a quarterly basis.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-009

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.10(I) provides that money paid into a fund must be used only for the purposes for which such fund was established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The following funds had a negative fund balance as of December 31, 2014 and 2013:

Fund	Fund Balance at 12/31/14	Fund Balance at 12/31/13
Street Construction, Maintenance and Repair	\$ (53,115)	\$ (24,911)
Sewer	\$ (267,564)	\$ (228,989)

We recommend the Village monitor fund balances and continue efforts to restore the financial health of its funds.

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

FINDING NUMBER 2014-010

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.36(A)(1) states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

We noted the Village did not certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year for the year ended December 31, 2013.

We recommend the Village take the necessary steps to certify their budgetary documents to the County Auditor on or before the required date. We also recommend the Village prepare the required documents and use due care in monitoring its budgetary documents since these documents are an integral part of the budgetary control process. The Village should integrate the budgetary documents into the computer system. Failure to properly monitor budgetary activity on a regular basis could result in negative fund balances. We recommend that the Village monitor budgetary activity on a regular basis and obtain amended certificates as needed. The Village should refer to the Ohio Compliance Supplement and Village Handbook for guidance on the legal budgetary process.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-011

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The Village did not file a 2013 annual appropriation resolution with the County Budget Commission.

Ohio Administrative Code 117-2-02(C)(1) states in part the legal level of control is the level (e.g. fund, program or function, department, object) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates. For all local public offices subject to the provisions of Chapter 5705 of the Revised Code, except school districts and public libraries, the minimum legal level of control is described in Section 5705.38 of the Revised Code. Ohio Revised Code 5705.38(C) requires the following minimum level of budgetary control for "subdivisions" other than schools: appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department and division, and, within each, the amount appropriated for personal services. The Village's appropriations did not meet the minimum legal level of control for the year ended December 31, 2013.

Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making expenditure unless it has been properly appropriated. All funds had expenditures which exceeded appropriations for the year ended December 31, 2013.

Failure to monitor budgetary activity can result in overspending and negative fund balances. We recommend the Township ensures its annual appropriation resolution is passed in a timely manner. We also recommend the Fiscal Officer deny any payments until the legislative authority has passed the necessary changes to the appropriation measure. There is some indication that management has monitored the Village's budgetary receipts and expenditures, and we recommend that the Village continue to monitor receipts and expenditures. By regularly monitoring its budgetary position throughout the year, the Village will be better able to determine when amendments need to be made to original budgeted receipts thus avoiding negative fund/account code balances, and will be better prepared for making decisions which affect the overall cash position of the Village. The Village should refer to the Ohio Compliance Supplement and Village Handbook for guidance on the legal budgetary process.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-012

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 45% of the disbursements tested for 2014, 19% of the disbursements tested for 2013 and 18% of the disbursements tested for 2012.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-012 (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

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

FINDING NUMBER 2014-013

Material Weakness/Noncompliance

26 U.S.C. Section 3402 and Ohio Rev. Code Section 5747.06 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

The Village was required to pay penalties and interest to the Internal Revenue Service during the audit period due to delayed remittance of withholding taxes.

We recommend the Village establish procedures to assure that federal and state taxes withheld from the gross wages of all employees be remitted to the appropriate agency on a quarterly basis.

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

FINDING NUMBER 2014-014

Significant Deficiency

Posting Estimated Receipts and Appropriations

The Village did not have a control procedure in place to ensure that estimated receipts and appropriations, as authorized by Council and approved by the County Budget Commission, were reconciled to the estimated receipts and appropriations posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission and appropriations as approved by Council.

We recommend the Village implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-015

Significant Deficiency

Internal Controls over Disbursements

Although the Village utilizes the UAN accounting system to process all disbursements, the Village did not have an adequate system of internal controls. Examples of deficiencies include:

- Many manual checks were issued in 2012 and 2013;
- Checks were signed by only the Fiscal Officer;
- Late fees were incurred on loans and withholding accounts.

These types of discrepancies and processes in the issuance of checks increases the possibility for unrecorded disbursements, incorrectly recorded disbursements, potential fraud or theft issues and can lead to difficulties attempting to reconcile.

We recommend the Village address each of the deficiencies noted above. We further recommend that the Village refrains from the issuance of manual checks and more than one signatory sign all checks prior to sending them to payees. We also recommend the Village ensure payments are made timely to vendors.

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Posting Receipts and Disbursements	No	Not Corrected; Repeated as Finding 2014-001
2011-002	Ohio Revised Code Section 5705.41(B)	No	Not Corrected; Repeated as Finding 2014-011



Dave Yost • Auditor of State

VILLAGE OF POMEROY

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 24, 2015