



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF POMEROY
MEIGS COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Pomeroy, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the year then ended.

Basis for Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Other Financing Sources receipts are reported at \$162,085 for the year ended December 31, 2017, which is 100% of Fiduciary Fund receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Other Financing Sources receipts.

Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Because of the significance of Other Financing Sources receipts to the Fiduciary Fund Type, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Fiduciary Fund Type of the Village of Pomeroy, Meigs County, Ohio for the year ended December 31, 2017.

Basis for Qualification of Opinion on General Fund Fines, Licenses, and Permits Receipts on the Regulatory Basis of Accounting

General Fund Fines, Licenses, and Permits receipts are reported at \$201,916 for the year ended December 31, 2017, which was 29% of total General Fund operating receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Fines, Licenses, and Permits receipts in the General Fund. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

General Fund Municipal Income Tax receipts are reported at \$314,342 for the year ended December 31, 2017, which was 45% of total General Fund operating receipts. As described in finding 2018-005, the Village did not maintain supporting documentation for municipal income tax receipts for 2017. Therefore, we were unable to obtain sufficient appropriate audit evidence supporting 81% of the amounts reported as Municipal Income Tax receipts in the General Fund. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualification of Opinion on General Fund Municipal Income Tax Receipts and Fines, Licenses, and Permits Receipts on the Regulatory Basis of Accounting

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2017 Municipal Income Tax receipts and 2017 Fines, Licenses, and Permits receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund, of the Village of Pomeroy, Meigs County, Ohio, as of December 31, 2017, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit, described in Note 2.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the disclaimer and qualification of opinions above, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Pomeroy, Meigs County, Ohio, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 15 to the 2018 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 20, 2021

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Village of Pomeroy, Ohio

Meigs County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$51,958	\$115,124	\$0	\$0	\$167,082
Municipal Income Tax	341,241	0	0	0	341,241
Intergovernmental	72,076	342,789	0	0	414,865
Charges for Services	34,025	48,715	0	0	82,740
Fines, Licenses and Permits	203,444	10,512	0	0	213,956
Earnings on Investments	1,621	3,713	0	0	5,334
Miscellaneous	4,272	53,465	0	0	57,737
<i>Total Cash Receipts</i>	<u>708,637</u>	<u>574,318</u>	<u>0</u>	<u>0</u>	<u>1,282,955</u>
Cash Disbursements					
Current:					
Security of Persons and Property	464,708	128,329	0	0	593,037
Public Health Services	0	18,218	0	0	18,218
Transportation	0	315,773	0	0	315,773
General Government	268,005	67,517	0	0	335,522
Capital Outlay	0	662,350	0	0	662,350
Debt Service:					
Principal Retirement	29,380	0	0	0	29,380
Interest and Fiscal Charges	20,494	0	0	0	20,494
<i>Total Cash Disbursements</i>	<u>782,587</u>	<u>1,192,187</u>	<u>0</u>	<u>0</u>	<u>1,974,774</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(73,950)</u>	<u>(617,869)</u>	<u>0</u>	<u>0</u>	<u>(691,819)</u>
Other Financing Receipts (Disbursements)					
Loans Issued	0	75,650	0	0	75,650
Other Debt Proceeds	0	661,700	0	0	661,700
Transfers In	0	2,492	0	0	2,492
Transfers Out	(2,492)	0	0	0	(2,492)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,492)</u>	<u>739,842</u>	<u>0</u>	<u>0</u>	<u>737,350</u>
<i>Net Change in Fund Cash Balances</i>	<u>(76,442)</u>	<u>121,973</u>	<u>0</u>	<u>0</u>	<u>45,531</u>
<i>Fund Cash Balances, January 1</i>	<u>68,336</u>	<u>120,336</u>	<u>(43,809)</u>	<u>38,782</u>	<u>183,645</u>
Fund Cash Balances, December 31					
Nonspendable	1,591	0	0	38,782	40,373
Restricted	0	257,609	0	0	257,609
Committed	0	14,075	0	0	14,075
Unassigned (Deficit)	(9,697)	(29,375)	(43,809)	0	(82,881)
<i>Fund Cash Balances, December 31</i>	<u>(\$8,106)</u>	<u>\$242,309</u>	<u>(\$43,809)</u>	<u>\$38,782</u>	<u>\$229,176</u>

See accompanying notes to the basic financial statements

Village of Pomeroy, Ohio*Meigs County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Proprietary and Fiduciary Fund Types**For the Year Ended December 31, 2018*

	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>	Totals
	<u>Enterprise</u>	<u>Agency</u>	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$966,830	\$0	\$966,830
<i>Total Operating Cash Receipts</i>	<u>966,830</u>	<u>0</u>	<u>966,830</u>
Operating Cash Disbursements			
Personal Services	258,198	0	258,198
Employee Fringe Benefits	101,375	0	101,375
Contractual Services	358,948	0	358,948
Supplies and Materials	192,532	0	192,532
Other	300	0	300
<i>Total Operating Cash Disbursements</i>	<u>911,353</u>	<u>0</u>	<u>911,353</u>
<i>Operating Income</i>	<u>55,477</u>	<u>0</u>	<u>55,477</u>
Non-Operating Receipts (Disbursements)			
Other Debt Proceeds	61,344	0	61,344
Capital Outlay	(61,344)	0	(61,344)
Principal Retirement	(105,677)	0	(105,677)
Interest and Other Fiscal Charges	(38,322)	0	(38,322)
Other Financing Sources	0	171,255	171,255
Other Financing Uses	0	(203,455)	(203,455)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(143,999)</u>	<u>(32,200)</u>	<u>(176,199)</u>
<i>Loss before Capital Contributions</i>	(88,522)	(32,200)	(120,722)
Capital Contributions	43,905	0	43,905
<i>Net Change in Fund Cash Balances</i>	(44,617)	(32,200)	(76,817)
<i>Fund Cash Balances, January 1</i>	<u>383,336</u>	<u>42,445</u>	<u>425,781</u>
<i>Fund Cash Balances, December 31</i>	<u>\$338,719</u>	<u>\$10,245</u>	<u>\$348,964</u>

See accompanying notes to the basic financial statements

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

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

Public Entity Risk Pool

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

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

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

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

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

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

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

Basis of Accounting

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Basis of Accounting (Continued)

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Street Construction Maintenance and Repair Fund, Police Disability and Pension Fund, Riverbank Project Fund, and Sewer Operating Fund in the amount of \$66,134, \$70,043, \$3,095, \$661,700, and \$36,474, respectively.

Also contrary to Ohio law, at December 31, 2018, the General, State Highway Fund, Permissive Motor Vehicle License Fund, Police Disability Pension Fund, Street Light Fund, and Capital Projects Fund had cash deficit balances of \$8,106, \$3,430, \$5,925, \$7,404, \$12,709, and \$43,809, respectively.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$677,300	\$708,637	\$31,337
Special Revenue	453,955	1,314,160	860,205
Capital Projects	0	0	0
Permanent	0	0	0
Enterprise	909,000	1,072,079	163,079
Total	\$2,040,255	\$3,094,876	\$1,054,621

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$721,879	\$788,013	(\$66,134)
Special Revenue	629,552	1,192,328	(562,776)
Capital Projects	989	0	989
Permanent	2,513	0	2,513
Enterprise	1,149,473	1,118,360	31,113
Total	\$2,504,406	\$3,098,701	(\$594,295)

Note 5 – Deposits and Investments

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

	2018
Demand deposits	\$527,857
Certificates of deposit	49,783
Total deposits	577,640
U.S. Savings Bond	500
Total investments	500
Total deposits and investments	\$578,140

Deposits

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 6 – Taxes

Property Taxes

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

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

Income Taxes

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

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

Note 7 - Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 7 - Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CR15B	\$25,867	2.00%
OPWC CR10D	\$16,392	2.00%
OPWC CR08K	\$159,833	0%
OPWC CR08P	\$60,948	0%
OPWC CR08R	\$114,557	0%
OWDA 4047	\$385,271	2.00%
OWDA 5220	\$55,689	0%
OWDA 6221	\$631,610	2.00%
OWDA 6842	\$802,966	2.00%
Building Loan	\$469,843	4.10%
Police Cruiser Loan	\$2,522	2.95%
Police Cruiser Loan	\$9,732	2.74%
Ally Finance - Chevrolet Truck	\$34,895	5.24%
Ally Finance - Ford F-150 Truck	\$21,497	8.09%
Farmers Bank Loan #153977	\$75,650	4.75%
Farmers Bank Loan #153456	661,700	4.00%
Total	<u>\$3,528,972</u>	

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

The OWDA 4047 Loan New Water Treatment Plant project's total amount awarded was \$633,897. The loan will be repaid in semi-annual installments of \$14,129, including interest through 2034. The OWDA 5220 Loan Water Meter Replacement project's total amount awarded was \$77,705. The loan will be repaid in semiannual installments of \$1,295, through 2040. The OWDA 6221 Loan Waterline Replacement/Hydrant Improvements project's total amount awarded as of December 31, 2014 was \$1,046,278, with \$314,230 of that amount repaid as principal forgiveness. The OWDA 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.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 10 – Debt (Continued)

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 second Police Cruiser note was issued in 2015 for \$27,999.00. The note will be repaid in monthly installments of \$500.36, including interest through 2020.

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

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

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

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

Amortization

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

Year ending December 31:	OPWC CR08K	OPWC CR08P	OPWC CR08R	OPWC CR10D	OPWC CR15B
2019	\$7,992	\$5,079	\$8,183	\$4,873	\$10,659
2020	7,992	5,079	8,183	4,873	10,659
2021	7,992	5,079	8,183	4,873	5,330
2022	7,992	5,079	8,183	2,436	0
2023	7,992	5,079	8,183	0	0
2024-2028	39,960	25,395	40,913	0	0
2029-2033	39,960	10,158	32,729	0	0
2034-2038	39,953	0	0	0	0
2039	0	0	0	0	0
Total	<u>\$159,833</u>	<u>\$60,948</u>	<u>\$114,557</u>	<u>\$17,055</u>	<u>\$26,648</u>

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 10 – Debt (Continued)

Amortization (Continued)

Year ending December 31:	Building Loan	2014 Cruiser	2015 Cruiser	Chevy Truck	Ford F- 150	Union Avenue	River Bank
2019	\$33,577	\$2,535	\$6,004	\$9,006	\$4,600	\$9,628	\$0
2020	33,577	0	3,955	9,006	4,600	9,628	661,700
2021	33,577	0	0	9,006	4,600	9,628	0
2022	33,577	0	0	9,006	4,600	9,628	0
2023	33,577	0	0	9,006	4,600	9,628	0
2024-2028	167,885	0	0	3,002	4,600	48,138	0
2029-2033	167,885	0	0	0	0	0	0
2034-2038	167,885	0	0	0	0	0	0
2039	14,142	0	0	0	0	0	0
Total	<u>\$685,682</u>	<u>\$2,535</u>	<u>\$9,959</u>	<u>\$48,032</u>	<u>\$27,600</u>	<u>\$96,278</u>	<u>\$661,700</u>

Note 11 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Note 12 – Public Entity Risk Pool

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

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

Note 13 – Liabilities and Outstanding Amounts Owed

The Village owed Ohio Power Company \$45,274 at December 31, 2018 for prior year tax refunds. The Village repaid this amount on February 17, 2021 via check number 33073.

Note 14 – Special Investigation

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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Village of Pomeroy, Ohio*Meigs County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2017*

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$48,246	\$107,323	\$0	\$0	\$155,569
Municipal Income Tax	314,342	0	0	0	314,342
Intergovernmental	73,679	147,074	0	0	220,753
Charges for Services	32,533	10,097	0	0	42,630
Fines, Licenses and Permits	201,916	13,004	0	0	214,920
Earnings on Investments	461	93	0	0	554
Miscellaneous	23,739	28,361	0	0	52,100
<i>Total Cash Receipts</i>	<u>694,916</u>	<u>305,952</u>	<u>0</u>	<u>0</u>	<u>1,000,868</u>
Cash Disbursements					
Current:					
Security of Persons and Property	459,942	177,992	0	0	637,934
Public Health Services	0	15,970	0	0	15,970
Leisure Time Activities	0	103	0	0	103
Transportation	0	133,250	0	0	133,250
General Government	204,647	9,511	0	0	214,158
Debt Service:					
Principal Retirement	28,371	0	0	0	28,371
Interest and Fiscal Charges	21,503	0	0	0	21,503
<i>Total Cash Disbursements</i>	<u>714,463</u>	<u>336,826</u>	<u>0</u>	<u>0</u>	<u>1,051,289</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(19,547)</u>	<u>(30,874)</u>	<u>0</u>	<u>0</u>	<u>(50,421)</u>
<i>Fund Cash Balances, January 1</i>	<u>87,883</u>	<u>151,210</u>	<u>(43,809)</u>	<u>38,782</u>	<u>234,066</u>
Fund Cash Balances, December 31					
Nonspendable	1,591	0	0	38,782	40,373
Restricted	0	145,789	0	0	145,789
Assigned	41,946	0	0	0	41,946
Unassigned (Deficit)	24,799	(25,453)	(43,809)	0	(44,463)
<i>Fund Cash Balances, December 31</i>	<u>\$68,336</u>	<u>\$120,336</u>	<u>(\$43,809)</u>	<u>\$38,782</u>	<u>\$183,645</u>

See accompanying notes to the basic financial statements

Village of Pomeroy, Ohio*Meigs County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Proprietary and Fiduciary Fund Types**For the Year Ended December 31, 2017*

	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>	Totals
	<u>Enterprise</u>	<u>Agency</u>	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$897,738	\$0	\$897,738
<i>Total Operating Cash Receipts</i>	<u>897,738</u>	<u>0</u>	<u>897,738</u>
Operating Cash Disbursements			
Personal Services	174,167	0	174,167
Employee Fringe Benefits	66,625	0	66,625
Contractual Services	146,699	0	146,699
Supplies and Materials	173,086	0	173,086
Other	46	0	46
<i>Total Operating Cash Disbursements</i>	<u>560,623</u>	<u>0</u>	<u>560,623</u>
<i>Operating Income</i>	<u>337,115</u>	<u>0</u>	<u>337,115</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	677	0	677
Other Debt Proceeds	3,795	0	3,795
Miscellaneous Receipts	651	0	651
Capital Outlay	(3,795)	0	(3,795)
Principal Retirement	(98,471)	0	(98,471)
Interest and Other Fiscal Charges	(38,415)	0	(38,415)
Other Financing Sources	0	162,085	162,085
Other Financing Uses	0	(216,964)	(216,964)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(135,558)</u>	<u>(54,879)</u>	<u>(190,437)</u>
<i>Income (Loss) before Capital Contributions</i>	201,557	(54,879)	146,678
Capital Contributions	41,315	0	41,315
<i>Net Change in Fund Cash Balances</i>	242,872	(54,879)	187,993
<i>Fund Cash Balances, January 1</i>	<u>140,464</u>	<u>97,324</u>	<u>237,788</u>
<i>Fund Cash Balances, December 31</i>	<u>\$383,336</u>	<u>\$42,445</u>	<u>\$425,781</u>

See accompanying notes to the basic financial statements

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

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

Public Entity Risk Pool

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

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

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

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

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

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

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

Basis of Accounting

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Basis of Accounting (Continued)

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2017 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction Maintenance and Repair Fund and the Law Enforcement Trust Fund in the amount of \$17,168 and \$1,205, respectively.

Also contrary to Ohio law, at December 31, 2017, the State Highway Fund, Parks Recreation Fund, Permissive Motor Vehicle License Fund, Police Disability Pension Fund, Street Light Fund, and Capital Projects Fund had cash deficit balances of \$8,737, \$1,004, \$5,925, \$7,404, \$2,476, and \$43,809, respectively.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$785,000	\$694,916	(\$90,084)
Special Revenue	223,651	305,952	82,301
Capital Projects	38,000	0	(38,000)
Permanent	0	0	0
Enterprise	739,118	944,176	205,058
Total	\$1,785,769	\$1,945,044	\$159,275

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$847,180	\$717,096	\$130,084
Special Revenue	435,218	336,900	98,318
Capital Projects	38,000	0	38,000
Permanent	2,513	0	2,513
Enterprise	767,218	702,777	64,441
Total	\$2,090,129	\$1,756,773	\$333,356

Note 5 – Deposits and Investments

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

	2017
Demand deposits	\$559,143
Certificates of deposit	49,783
Total deposits	608,926
U.S. Savings Bond	500
Total investments	500
Total deposits and investments	\$609,426

Deposits

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

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 6 – Taxes

Property Taxes

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

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

Income Taxes

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

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

Note 7 - Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 7 - Risk Management (Continued)

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.

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, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 8 - Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OPWC CR15B	\$35,859	2.00%
OPWC CR10D	\$20,870	2.00%
OPWC CR08K	\$167,825	0%
OPWC CR08P	\$66,027	0%
OPWC CR08R	\$122,740	0%
OWDA 4047	\$405,519	2.00%
OWDA 5220	\$58,279	0%
OWDA 6221	\$651,415	2.00%
OWDA 6842	\$825,324	2.00%
Building Loan	\$483,519	4.10%
Police Cruiser Loan	\$12,578	2.95%
Police Cruiser Loan	\$15,398	2.74%
Total	\$2,865,353	

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

The OWDA 4047 Loan New Water Treatment Plant project's total amount awarded was \$633,897. The loan will be repaid in semi-annual installments of \$14,129, including interest through 2034. The OWDA 5220 Loan Water Meter Replacement project's total amount awarded was \$77,705. The loan will be repaid in semiannual installments of \$1,295, through 2040. The OWDA 6221 Loan Waterline Replacement/Hydrant Improvements project's total amount awarded as of December 31, 2014 was \$1,046,278, with \$314,230 of that amount repaid as principal forgiveness. The OWDA 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 second Police Cruiser note was issued in 2015 for \$27,999.00. The note will be repaid in monthly installments of \$500.36, including interest through 2020.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 10 – Debt (Continued)

Amortization

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

Year ending December 31:	OPWC CR08K	OPWC CR08P	OPWC CR08R	OPWC CR10D	OPWC CR15B
2018	\$7,992	\$5,079	\$8,183	\$4,873	\$10,659
2019	7,992	5,079	8,183	4,873	10,659
2020	7,992	5,079	8,183	4,873	10,659
2021	7,992	5,079	8,183	4,873	5,330
2022	7,992	5,079	8,183	2,436	0
2023-2027	39,960	25,395	40,913	0	0
2028-2032	39,960	15,237	40,912	0	0
2033-2037	39,960	0	0	0	0
2038-2041	7,985	0	0	0	0
Total	<u>\$167,825</u>	<u>\$66,027</u>	<u>\$122,740</u>	<u>\$21,928</u>	<u>\$37,307</u>

Year ending December 31:	Building Loan	2014 Cruiser	2015 Cruiser
2018	\$33,577	\$10,292	\$6,004
2019	33,577	3,369	6,004
2020	33,577	0	3,955
2021	33,577	0	0
2022	33,577	0	0
2023-2027	167,885	0	0
2028-2032	167,885	0	0
2033-2037	167,885	0	0
2037-2039	47,719	0	0
Total	<u>\$719,259</u>	<u>\$13,661</u>	<u>\$15,963</u>

Note 11 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Village of Pomeroy, Ohio
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 12 – Public Entity Risk Pool

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

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

Note 13 – Liabilities and Outstanding Amounts Owed

The Village owed Ohio Power Company \$45,274 at December 31, 2017 for prior year tax refunds. The Village repaid this amount on February 17, 2021 via check number 33073.

Note 14 – Special Investigation

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

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Pomeroy, Meigs County, Ohio, (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated April 20, 2021 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We did not express an opinion on the Fiduciary Fund Type for the year ended December 31, 2017. We also qualified our opinion on Municipal Income Tax Receipts and Fines, Licenses, and Permits receipts in the General Fund for the year ended December 31, 2017. Further, we also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2018-004 through 2018-008 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2018-001 through 2018-003.

Village's Responses to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 20, 2021

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Noncompliance

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds may have been used to pay the obligations of the fund carrying the deficit balance.

During 2017, the Water Operating Fund was deficit for January and February and the Street Construction, Maintenance, and Repair Fund was deficit June through September. Both funds were positive at year end.

Based on audit adjustments, at December 31, 2017, the State Highway Fund, Parks Recreation Fund, Permissive Motor Vehicle License Fund, Police Disability Pension Fund, Street Light Fund, and Capital Projects Fund were negative \$8,737, \$1,004, \$5,925, \$7,404, \$2,476, and \$43,809, respectively.

Furthermore, during 2018, the General Fund and Police Disability and Pension funds both were deficit throughout the year and at fiscal year end.

Based on audit adjustments, at December 31, 2018, the General Fund, State Highway Fund, Permissive Motor Vehicle License Fund, Police Disability Pension Fund, Street Light Fund, and Capital Projects Fund were negative \$8,106, \$3,430, \$5,925, \$7,404, \$12,709, and \$43,809, respectively.

Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure(s) and control(s), such as the Management and/or Village Council's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

Officials' Response: The Village has corrected all negative fund balance issues.

FINDING NUMBER 2018-002

Noncompliance

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

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

**VILLAGE OF POMEROY
MEIGS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-002

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

For the year ended December 31, 2018:

	Authority	Expenditures	Variance
General Fund	\$721,879	\$788,013	(\$66,134)
Street Construction, Repair, and Maintenance	244,826	314,869	(70,043)
Police Disability & Pension	5,300	8,395	(3,095)
Riverbankn Project Fund	0	661,700	(661,700)
Sewer Operating Fund	380,535	417,009	(36,474)

For the year ended December 31, 2017:

	Authority	Expenditures	Variance
Street Construction, Repair, and Maintenance	\$98,046	\$115,214	(\$17,168)
Law Enforcement Trusts	8,500	9,705	(1,205)

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

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response: The Village will request amended certificates from the County Auditor when required.

FINDING NUMBER 2018-003

Noncompliance

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

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2018-003 (Continued)

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

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

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

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

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

Due to deficiencies in internal controls, thirty-eight percent (38%) of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. In addition, Village Council did not establish a maximum amount for blanket certificates.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2018-003 (Continued)

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

When prior certification is not possible, “then and now” certification should be used. In addition, the Village Council should establish by ordinance or resolution a maximum amount for any blanket certificates used by the Village.

Officials’ Response: The Fiscal officer will use the correct type of purchase orders and will make use of then and now certificates when appropriate.

FINDING NUMBER 2018-004

Material Weakness

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

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

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

Monthly bank to book reconciliations were not prepared in a timely manner. The November 2018 reconciliation was completed on December 22, 2018. The October 2018 reconciliation was completed on November 25, 2018. The January 2017 reconciliation was completed on February 26, 2017. The April 2017 was not reconciled until June 3, 2017. The June 2017 was not reconciled until July 31, 2017. Further, the Village had a Police Department Seized Drug Money bank account for 2017 in which the activity for this account was not recorded in UAN. The account had a balance of \$1,948 at December 31, 2017. The account was closed in 2018.

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

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

Officials’ Response: The Village has corrected this issue and completes all bank reconciliations in a timely manner.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2018-005

Material Weakness

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

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

- Monthly reconciliations were not performed from either the manual ledger or the City Tax system to the UAN accounting system to determine if receipts were properly recorded. This resulted in a variance of \$520 when comparing total manual ledger receipts to UAN and a variance of \$9,138 was noted when comparing total receipts per the City Tax system to UAN for 2018.
- Supporting documentation (tax returns, quarterly remittances, etc.) were not on file for ten percent of receipts tested for 2018.
- Twenty-five percent of income tax receipts were not posted to taxpayers accounts in the City Tax system timely in 2018.
- Manual monthly income tax ledgers were not located for 2017. In addition, the Village did not have access to the City Income Tax software system to generate monthly reports as the Village did away with the system when they switched to the Regional Income Tax Agency (R.I.T.A) in July 2019. Income tax pay stubs for payments received in 2017 did exist but were filed by business or individual taxpayer name. This made it impossible to determine the number of income tax payments received in 2017 nor were any ledgers available to trace to posting on the income tax side. Nineteen percent of income tax receipts for 2017 were confirmed with the Village of Pomeroy, Meigs County, and Meigs Local School District. As a result, we were unable to obtain sufficient coverage for the remaining eighty-one percent of income tax receipts for 2017.

As such, we were unable to satisfy ourselves as to the completeness and accuracy of eighty-one percent of municipal income tax receipts in the General Fund for 2017. We have modified the opinion in the Independent Auditor's Report accordingly.

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

Officials' Response: The Village utilizes the services of Regional Income Tax Agency for tax collection and no longer has issues like the above mentioned finding.

FINDING NUMBER 2018-006

Material Weakness

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

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-006 (Continued)

Material Weakness (Continued)

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

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

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

At December 31, 2018, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

	Approved	UAN System	Variance
Street Construction Maintenance and Repair Fund	\$234,583	\$190,715	\$43,868
FEMA 2018 Flood Fund	65,072	70,000	(4,928)
Police Disability & Pension Fund	5,300	8,395	(3,095)

At December 31, 2017, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variance and fund is as follows:

	Approved	UAN System	Variance
Water Operating Fund	\$453,118	\$510,541	(\$57,423)

At December 31, 2018, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

	Approved	UAN System	Variance
Street Construction Maintenance and Repair Fund	\$244,752	\$200,885	\$43,867
FEMA Flood 2018 Fund	65,072	70,000	(4,928)
Police Disability & Pension Fund	5,300	8,395	(3,095)
Fire Fund	180,000	137,637	42,363
Street Light Fund	45,000	35,650	9,350
Mayors Court Computer Fees Fund	25,000	21,700	3,300
Sewer Operating Fund	380,000	441,325	(61,325)

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-006 (Continued)

Material Weakness (Continued)

At December 31, 2017, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

	Approved	UAN System	Variance
General Fund	\$846,800	\$807,748	\$39,052
Fire Fund	170,000	106,800	63,200
Mayors Court Computer Fees Fund	30,000	16,629	13,371
Capital Projects Fund	38,000	0	38,000
Water Operating Fund	453,118	473,900	(20,782)
Sewer Operating Fund	289,000	245,000	44,000
Meter Deposit Fund	25,000	15,000	10,000

In addition, the Capital Projects estimated receipts of \$38,000 and Permanent Fund appropriations of \$2,513 at December 31, 2017 were not reported in the notes to the financial statements. Further, Capital Projects and Permanent Fund appropriations of \$990 and \$2,513, respectively, were not reported in the notes to the financial statements at December 31, 2018. Lastly, Special Revenue Fund appropriations were overstated \$538,622 in the notes to the financial statements at December 31, 2018.

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

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

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

Officials' Response: The Village will request amended certificates from the County Auditor when required.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-007

Material Weakness

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

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

In 2017:

- General Fund debt service principal retirement disbursements of \$1,023 was incorrectly classified as interest and fiscal charges disbursements;
- General Fund taxes receipts of \$617 were incorrectly recorded in the Fire Fund as taxes receipts;
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts and outstanding encumbrances at year end. The Village improperly reported the assigned portion of the General Fund's cash fund balance as unassigned, in the amount of \$41,946;
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.161 require reporting amounts as nonspendable when the fund balance classification includes amounts that are legally or contractually required to be maintained intact. The Village incorrectly reported the entire Unclaimed Monies Fund balance of \$1,591 as unassigned in the Agency fund type when it should have been reported in the General Fund as nonspendable;
- Street Construction Maintenance and Repair Fund intergovernmental receipts of \$2,418 were incorrectly recorded in the General Fund as municipal income taxes receipts;
- State Highway Fund intergovernmental receipts of \$196 were incorrectly recorded in the General Fund as municipal income taxes receipts;
- Fire Fund intergovernmental receipts of \$23,810 were incorrectly classified as miscellaneous receipts;
- Police Disability and Pension Fund taxes receipts of \$71 were incorrectly recorded in the Fire Fund as taxes;
- Street Light Fund taxes receipts of \$236 were incorrectly recorded in the Fire Fund as taxes receipts;
- Water Fund capital contribution receipts of \$30,848 were incorrectly recorded as other debt proceeds receipts;
- Water Fund other debt proceed receipts and capital outlay disbursements of \$3,795 were unrecorded;
- Water Fund intergovernmental receipts and principal retirement disbursements of \$677 were unrecorded;
- Sewer Fund capital contribution receipts of \$10,467 were incorrectly recorded as other debt proceeds receipts;

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-007 (Continued)

Material Weakness (Continued)

- Mayor's Court Agency Fund other non-operating receipts and disbursements of \$81,161 were incorrectly posted as fines licenses and permits receipts and other disbursements, respectively; and
- Mayor's Court Agency Fund other non-operating receipts of \$80,924 and other non-operating disbursements of \$135,803 were unrecorded.

In 2018:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.161 require reporting amounts as nonspendable when the fund balance classification includes amounts that are legally or contractually required to be maintained intact. The Village incorrectly reported the entire Unclaimed Monies Fund cash fund balance of \$1,591 as unassigned when it should have been nonspendable;
- Street Construction Maintenance and Repair Fund other debt proceed receipts and capital outlay disbursements of \$650 were unrecorded;
- Street Construction Maintenance and Repair Fund intergovernmental receipts and transportation disbursements were understated by \$129,073 due to an error when recording memo disbursements;
- River Bank Project Fund other debt proceeds receipts and capital outlay disbursements of \$661,700 were unrecorded;
- Water Fund capital contribution receipts of \$43,905 were incorrectly recorded as other debt proceeds receipts;
- Water Fund other debt proceeds receipts and capital outlay disbursements of \$30,672 were unrecorded;
- Sewer Fund other debt proceeds receipts and capital outlay disbursements of \$30,672 were unrecorded;
- Mayor's Court Agency Fund other non-operating receipts of \$171,255 and other non-operating disbursements of \$201,641 were incorrectly classified as fines licenses and permits receipts and other disbursements, respectively; and
- Mayor's Court Agency Fund fines licenses and permits receipts were overstated by \$30,386 and other non-operating disbursements were understated by \$1,814.

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

The audited financial statements and the Village's UAN accounting system have been adjusted for the items noted above.

The Fiscal Officer should review the Village handbook for guidance to ensure the financial statements are complete and accurate. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper reporting of fund balances on the financial statements.

Officials' Response: The Fiscal Officer will use correct accounts when receiving or expending funds in the UAN system.

**VILLAGE OF POMEROY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2018-008

Material Weakness

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

The Mayor's Court Clerk utilized the full version of the Baldwin Group software during the audit period. This system accounted for money received on cases and disbursements to various agencies. The Fiscal Officer maintained an excel cashbook to track the book balance at any given time.

Due to the lack of complete records, we were unable to determine the accuracy of amounts received, tracing cash, check, and credit card payments to deposits per the bank statement, determining if deposits were made timely, if amounts received were the proper amount based on the offense charged, tracing case information to the docket, if amounts received were properly allocated, and if amounts received were properly allocated and remitted to the State, Village, and County Court for 2017.

Further, the Police Department did not have procedures in place for 2017 or 2018 to reconcile tickets issued compared to a ticket log. This could result in possible errors and/or irregularities occurring and remaining undetected for an extended period of time.

As such, we were unable to satisfy ourselves as to the completeness of Other Financing Sources receipts in the Fiduciary Fund Type and Fines, Licenses and Permits receipts in the General Fund for 2017. We have modified the opinion in the Independent Auditor's Report accordingly. These receipts represent 100 percent of receipts in the Fiduciary Fund Type for the year ended December 31, 2017 and 29 percent of receipts of the General Fund for the year ended December 31, 2017.

Inadequate supporting documentation eliminates a significant control point, obscures the audit trail and provides opportunity for errors and irregularities to occur and not be detected by management in a timely manner. Due to the lack of incomplete supporting documentation, completeness could not be determined over Mayor's Court.

The Mayor's Court Clerk should maintain all supporting documentation for each payment received, including a copy of the duplicate receipt and/or copy of credit card receipt. Further, the Police Chief should implement procedures to reconcile unissued, issued, and voided tickets.

Officials' Response: The Village will correct the above issues with regard to Mayor's Court.

THE VILLAGE OF POMEROY

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Rev. Code § 5705.10(I) – Deficit fund balances.	Not Corrected.	The Village has corrected all deficit balances in all funds.
2016-002	Ohio Rev. Code § 5705.41(B) – Disbursements exceeded appropriations.	Not Corrected.	The village will request amended certificates from the County Auditor when required.
2016-003	Ohio Rev. Code § 5705.41(D) – Not properly encumbering funds.	Not Corrected.	The Fiscal Officer will use the purchase orders and then and now certificates appropriately.
2016-004	Material weakness over Income Tax Collections.	Not Corrected.	The Village utilizes the services of Regional Income Tax Agency for tax collections and no longer has issues with income tax collections.
2016-005	Material weakness – Incomplete Mayor’s Court Records.	Not Corrected.	The Village will correct these issues with regard to Mayor’s Court.
2016-006	Material weakness – Bank reconciliations not prepared timely.	Not Corrected.	The Village has corrected this issue and completes all bank reconciliations in a timely manner.
2016-007	Material weakness – Board approved estimated receipts and appropriations did not agree to amounts entered in UAN system.	Not Corrected.	The Village will follow correct procedures with regard to the budgetary process.
2016-008	Material weakness of posting receipts and disbursement and classification of fund balances.	Not Corrected.	The Fiscal Officer will use correct accounts when receiving or expending funds in the UAN system.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF POMEROY

MEIGS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/6/2021

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

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