

**VILLAGE OF METAMORA  
FULTON COUNTY**

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2005 AND 2004**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Metamora  
114 East Main Street, P.O. Box 299  
Metamora, OH 43540-0299

We have reviewed the *Independent Auditor's Report* of the Village of Metamora, Fulton County, prepared by Lublin Sussman Group LLP, for the audit period January 1, 2004 to December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 12, 2007

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## INDEPENDENT AUDITOR'S REPORT

Village of Metamora  
Fulton County  
114 E. Main Street, P.O. Box 299  
Metamora, OH 43540-0299

We have audited the accompanying combined statements of cash receipts, cash disbursements, and changes in fund cash balances - all governmental fund types and enterprise funds of the Village of Metamora, Fulton County, (the Village) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices prescribed or permitted by the Auditor of State. These practices differ from accounting principles generally accepted in the United States of America (GAAP). The effects on the financial statements of these variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately beginning in 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraphs do not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

The aforementioned revisions to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America had determined is necessary to supplement, although not required to be part of the financial statements.

In our opinion, because of the effects of the matter discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Metamora, Fulton County, as of December 31, 2005 and 2004, and their respective combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2006 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

*Lublin Sussman Group LLP*

December 13, 2006  
Toledo, Ohio



**VILLAGE OF METAMORA  
FULTON COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals (Memo. Only)
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 45,863	\$ 0	\$ 0	\$ 45,863
Municipal Income Tax	181,307	0	0	181,307
Intergovernmental Receipts	44,449	35,426	1,852	81,727
Charges for Services	700	0	0	700
Fines, Licenses, and Permits	499	0	0	499
Earnings on Investments	5,364	1,341	0	6,705
Miscellaneous	<u>8,321</u>	<u>0</u>	<u>0</u>	<u>8,321</u>
Total Cash Receipts	<u>286,503</u>	<u>36,767</u>	<u>1,852</u>	<u>325,122</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	12,825	0	0	12,825
Leisure Time Activities	15,456	0	0	15,456
Community Environment	909	0	0	909
Transportation	0	21,251	0	21,251
General Government	127,923	0	0	127,923
Debt Service:				
Principal Payments	0	717	0	717
Capital Outlay	<u>0</u>	<u>0</u>	<u>3,201</u>	<u>3,201</u>
Total Cash Disbursements	<u>157,113</u>	<u>21,968</u>	<u>3,201</u>	<u>182,282</u>
Total Receipts Over (Under) Disbursements	<u>129,390</u>	<u>14,799</u>	<u>(1,349)</u>	<u>142,840</u>
<b>Other Financing Receipts (Disbursements):</b>				
Transfers-In	0	0	1,349	1,349
Transfers-Out	(67,061)	0	0	(67,061)
Advances-Out	<u>(30,300)</u>	<u>0</u>	<u>0</u>	<u>(30,300)</u>
Total Other Financing Receipts (Disbursements)	<u>(97,361)</u>	<u>0</u>	<u>1,349</u>	<u>(96,012)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>				
	32,029	14,799	0	46,828
Fund Cash Balances, January 1	<u>280,265</u>	<u>76,244</u>	<u>0</u>	<u>356,509</u>
Fund Cash Balances, December 31	<u>\$ 312,294</u>	<u>\$ 91,043</u>	<u>\$ 0</u>	<u>\$ 403,337</u>
Reserves for Encumbrances, December 31	<u>\$ 656</u>	<u>\$ 17</u>	<u>\$ 0</u>	<u>\$ 673</u>

See Notes to Financial Statements

**VILLAGE OF METAMORA  
FULTON COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 297,081
Fines, License and Permits	3,920
Miscellaneous	<u>2,191</u>
Total Operating Cash Receipts	<u>303,192</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	125,805
Travel Transportation	899
Contractual Services	181,852
Supplies and Materials	20,867
Capital Outlay	<u>98,718</u>
Total Operating Cash Disbursements	<u>428,141</u>
Operating Loss	<u>(124,949)</u>
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	14,613
Intergovernmental Receipts	121,420
Proceeds of Note	<u>54,970</u>
Total Non-Operating Cash Receipts	<u>191,003</u>
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	74,275
Interest and Other Finance Charges	<u>32,653</u>
Total Non-Operating Cash Disbursements	<u>106,928</u>
Excess of Receipts Under Disbursements Before Interfund Transfers and Advances	(40,874)
Transfers-In	131,970
Transfers-Out	(66,257)
Advances-In	<u>30,300</u>
Net Receipts Over Disbursements	55,139
Fund Cash Balances, January 1	<u>92,269</u>
<b>Fund Cash Balances, December 31</b>	<b>\$ <u>147,408</u></b>
Reserve for Encumbrances, December 31	<b>\$ <u>1,433,867</u></b>

See Notes to Financial Statements

**VILLAGE OF METAMORA  
FULTON COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types			Totals (Memo. Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 43,459	\$ 0	\$ 0	\$ 43,459
Municipal Income Tax	186,832	0	0	186,832
Intergovernmental Receipts	46,325	32,194	3,966	82,485
Charges for Services	700	0	0	700
Fines, Licenses, and Permits	395	0	0	395
Earnings on Investments	3,200	800	0	4,000
Miscellaneous	<u>12,117</u>	<u>0</u>	<u>0</u>	<u>12,117</u>
Total Cash Receipts	<u>293,028</u>	<u>32,994</u>	<u>3,966</u>	<u>329,988</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	14,431	0	0	14,431
Leisure Time Activities	13,951	0	0	13,951
Community Environment	1,407	0	0	1,407
Transportation	0	21,416	0	21,416
General Government	184,942	0	0	184,942
	0	0	0	0
Debt Service:				
Principal Payments	0	717	0	717
Capital Outlay	<u>635</u>	<u>0</u>	<u>5,949</u>	<u>6,584</u>
Total Cash Disbursements	<u>215,366</u>	<u>22,133</u>	<u>5,949</u>	<u>243,448</u>
Total Receipts Over (Under) Disbursements	<u>77,662</u>	<u>10,861</u>	<u>(1,983)</u>	<u>86,540</u>
<b>Other Financing Receipts (Disbursements):</b>				
Transfers-In	0	0	1,983	1,983
Transfers-Out	<u>(47,496)</u>	<u>0</u>	<u>0</u>	<u>(47,496)</u>
Total Other Financing Receipts (Disbursements):	<u>(47,496)</u>	<u>0</u>	<u>1,983</u>	<u>(45,513)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>				
	30,166	10,861	0	41,027
Fund Cash Balances, January 1	<u>250,099</u>	<u>65,383</u>	<u>0</u>	<u>315,482</u>
Fund Cash Balances, December 31	<u>\$ 280,265</u>	<u>\$ 76,244</u>	<u>\$ 0</u>	<u>\$ 356,509</u>
Reserves for Encumbrances, December 31	<u>\$ 953</u>	<u>\$ 1,881</u>	<u>\$ 0</u>	<u>\$ 0</u>

See Notes to Financial Statements

VILLAGE OF METAMORA  
 FULTON COUNTY  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 265,682
Fines, License and Permits	4,166
Miscellaneous	<u>893</u>
Total Operating Cash Receipts	<u>270,741</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	134,407
Travel Transportation	838
Contractual Services	83,216
Supplies and Materials	16,182
Capital Outlay	<u>9,959</u>
Total Operating Cash Disbursements	<u>244,602</u>
Operating Income	<u>26,139</u>
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	<u>13,615</u>
Total Non-Operating Cash Receipts	<u>13,615</u>
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	72,197
Interest and Other Finance Charges	<u>33,072</u>
Total Non-Operating Cash Disbursements	<u>105,269</u>
Excess of Receipts Under Disbursements Before Interfund Transfers	(65,515)
Transfers-In	105,270
Transfers-Out	<u>(59,757)</u>
Net Receipts Under Disbursements	(20,002)
Fund Cash Balances, January 1	<u>112,271</u>
<b>Fund Cash Balances, December 31</b>	<b>\$ <u>92,269</u></b>
Reserve for Encumbrances, December 31	<b>\$ <u>64,749</u></b>

See Notes to Financial Statements

**VILLAGE OF METAMORA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**ORGANIZATION**

The Village of Metamora, Fulton County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Fulton County Sheriff's department to provide security of persons and property.

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

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

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

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

**CASH AND INVESTMENTS**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio is reported at amounts as reported by STAR Ohio.

**FUND ACCOUNTING**

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

a. General Fund

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

b. Special Revenue Funds

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

VILLAGE OF METAMORA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED))**

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

Permissive Motor Vehicle License Tax Fund - This fund receives permissive motor vehicle license tax money for constructing, maintaining and repairing Village streets.

c. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Capital Project Fund - This fund receives proceeds from Recycle Ohio Grant used to purchase playground equipment.

d. Enterprise Funds

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

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

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

Enterprise Debt Service Fund - This fund is used to accumulate resources for the payment of bonds and note indebtedness incurred for utility improvement projects.

Utility Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion.

**BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

a. 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

VILLAGE OF METAMORA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

b. Estimated Resources

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

c. Encumbrances

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

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**PROPERTY, PLANT, AND EQUIPMENT**

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

**ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**INTERFUND TRANSACTIONS**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

**(2) EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2005</u>	<u>2004</u>
Demand Deposits	\$ 339,259	\$ 242,369
Certificates of Deposit	<u>88,070</u>	<u>86,504</u>
Total Deposits	<u>427,329</u>	<u>328,873</u>
STAR Ohio	<u>123,416</u>	<u>119,905</u>
Total Investments	<u>123,416</u>	<u>119,905</u>
Total Deposits and Investments	<u>\$ 550,745</u>	<u>\$ 448,778</u>

**VILLAGE OF METAMORA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**(2) EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)**

**DEPOSITS**

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**INVESTMENTS**

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.



VILLAGE OF METAMORA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**(3) BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

**2005 BUDGETED VS. ACTUAL RECEIPTS**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 269,256	\$ 286,503	\$ 17,247
Special Revenue	27,030	36,767	9,737
Capital Projects	3,634	3,201	(433)
Enterprise	<u>2,243,248</u>	<u>626,165</u>	<u>(1,617,083)</u>
Total	<u>\$ 2,543,168</u>	<u>\$ 952,636</u>	<u>\$ (1,590,532)</u>

**2005 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 548,569	\$ 224,830	\$ 323,739
Special Revenue	101,393	21,985	79,408
Capital Projects	3,634	3,201	433
Enterprise	<u>2,211,893</u>	<u>2,035,193</u>	<u>176,700</u>
Total	<u>\$ 2,865,489</u>	<u>\$ 2,285,209</u>	<u>\$ 580,280</u>

**2004 BUDGETED VS. ACTUAL RECEIPTS**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 267,590	\$ 293,028	\$ 25,438
Special Revenue	27,030	32,994	5,964
Capital Projects	5,949	5,949	0
Enterprise	<u>2,098,685</u>	<u>389,626</u>	<u>(1,709,059)</u>
Total	<u>\$ 2,399,254</u>	<u>\$ 721,597</u>	<u>\$ (1,677,657)</u>

**2004 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 516,068	\$ 263,815	\$ 252,253
Special Revenue	92,413	24,014	68,399
Capital Projects	5,949	5,949	0
Enterprise	<u>2,022,854</u>	<u>474,377</u>	<u>1,548,477</u>
Total	<u>\$ 2,637,284</u>	<u>\$ 768,155</u>	<u>\$ 1,869,129</u>

**VILLAGE OF METAMORA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**(4) PROPERTY TAX**

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

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

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

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

**(5) LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Central Collection Agency (CCA) provides income tax collection services for the Village.

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

**(6) DEBT**

Debt outstanding at December 31, 2005 and 2004 was as follows:

	Balance <u>12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/05</u>	Interest <u>Rate</u>
Ohio Water Development Authority Loan	\$ 268,616	\$ 0	\$ 22,660	\$ 245,956	6.75%
Ohio Water Development Authority Loan	0	54,970	0	54,970	3.27%
General Obligation Bonds	70,000	0	35,000	35,000	6.00%
Ohio Public Works Commission	187,869	0	16,615	171,254	4.00%
Ohio Public Works Commission	<u>12,903</u>	<u>0</u>	<u>717</u>	<u>12,186</u>	0%
Total	<u>\$ 539,388</u>	<u>\$ 54,970</u>	<u>\$ 74,992</u>	<u>\$ 519,366</u>	

**VILLAGE OF METAMORA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**(6) DEBT (CONTINUED)**

	Balance <u>12/31/03</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/04</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 289,843	\$ 0	\$ 21,227	\$ 268,616	6.75%
General Obligation Bonds	105,000	0	35,000	70,000	6.00%
Ohio Public Works Commission	203,839	0	15,970	187,869	4.00%
Ohio Public Works Commission	<u>13,620</u>	<u>0</u>	<u>717</u>	<u>12,903</u>	0%
Total	<u>\$ 612,302</u>	<u>\$ 0</u>	<u>\$ 72,914</u>	<u>\$ 539,388</u>	

The Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC) loans relate to a sanitary sewer system interceptor and a sludge lagoon system mandated by the Ohio Environmental Protection Agency. The first OWDA loan will be repaid in semiannual installments of \$20,396, including interest, over 20 years, maturing January 1, 2014. The second OWDA loan will be repaid in full on July 1, 2008. The first OPWC loan will be repaid in semiannual installments of \$11,983, including interest over 20 years, maturing July 1, 2014. No assets are pledged to secure these loans.

The second Ohio Public Works Commission (OPWC) loan relates to the installments of a storm drainage system and partial separation of the sewer system on East Main Street. The loan will be repaid in semiannual installments of \$358 (no interest), over 20 years, maturing January 1, 2023. No assets are pledged to secure this loan.

The General Obligation Bonds relate to improving the Village's waterworks system by expanding and upgrading its water treatment plant. The Bonds will be repaid in quarterly installments with a fixed principal amount of \$8,750 and a declining interest amount, over 10 years. The bonds will be repaid on November 1, 2006. No assets are pledged to secure these bonds.

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

Year Ending <u>December 31</u>	1st <u>OWDA Loan</u>	2nd <u>DWDA Loan</u>	General Obligation <u>Bond</u>	1st <u>OPWC</u>	2nd <u>OPWC</u>
2006	\$ 40,792	\$ 0	\$ 36,313	\$ 23,965	\$ 717
2007	40,792	0	0	23,965	717
2008	40,792	59,651	0	23,965	717
2009	40,792	0	0	23,965	717
2010	40,792	0	0	23,965	717
2011 - 2015	122,376	0	0	83,878	3,584
2016 - 2020	0	0	0	0	3,584
2021 - 2025	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,433</u>
Totals	<u>\$ 326,336</u>	<u>\$ 59,651</u>	<u>\$ 36,313</u>	<u>\$ 203,703</u>	<u>\$ 12,186</u>

VILLAGE OF METAMORA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**(7) RETIREMENT SYSTEMS**

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004 OPERS participants contributed 8.5 percent of their wages. The Village has contributed an amount equal to 13.55% of the participants' gross salaries for 2005 and 2004. The Village has paid all contributions required through December 31, 2005.

Pension expense amounted to \$23,019 and \$23,269 for 2005 and 2004, respectively.

**(8) RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), and unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsured these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Assets	\$ 8,219,430	\$ 6,685,522
Liabilities	<u>2,748,639</u>	<u>2,227,808</u>
Member's Equity	<u>\$ 5,470,791</u>	<u>\$ 4,457,714</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Village of Metamora  
Fulton County  
114 E. Main Street, P.O.Box 299  
Metamora, OH 43540-0299

We have audited the accompanying financial statements of the Village of Metamora, Fulton County, (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated December 13, 2006 wherein we noted that the Village prepared its financial statements using accounting practices the Auditor of State prescribes, rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

We noted certain matters that we reported to the Council of the Village of Metamora, Fulton County, in a separate letter dated December 13, 2006.

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

*Lublin Jussman Group LLP*

December 13, 2006  
Toledo, Ohio



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF METAMORA**

**FULTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 10, 2007**