



Dave Yost • Auditor of State



**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Matamoras  
Washington County  
P.O. Box 536  
Matamoras, Ohio 45767-0536

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 Matamoras, Washington County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015.

### ***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 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, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Matamoras, Washington County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements 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.

***Other Matters***

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 9, 2017

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**Village of Matamoras**  
**Washington County**

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2016*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$35,386	\$4,046	\$39,432
Intergovernmental	27,639	30,542	58,181
Special Assessments	0	348	348
Fines, Licenses and Permits	23,630	0	23,630
Earnings on Investments	271	18	289
Miscellaneous	9,352	8,574	17,926
	<u>96,278</u>	<u>43,528</u>	<u>139,806</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	68,621	251	68,872
Public Health Services	2,097	0	2,097
Leisure Time Activities	5,910	0	5,910
Basic Utility Services	7,661	0	7,661
Transportation	0	46,105	46,105
General Government	40,407	1,608	42,015
Capital Outlay	3,647	0	3,647
<i>Total Cash Disbursements</i>	<u>128,343</u>	<u>47,964</u>	<u>176,307</u>
<i>Net Change in Fund Cash Balances</i>	(32,065)	(4,436)	(36,501)
<i>Fund Cash Balances, January 1</i>	<u>278,243</u>	<u>79,019</u>	<u>357,262</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	74,583	74,583
Unassigned (Deficit)	<u>246,178</u>	<u>0</u>	<u>246,178</u>
<i>Fund Cash Balances, December 31</i>	<u>\$246,178</u>	<u>\$74,583</u>	<u>\$320,761</u>

*See accompanying notes to the basic financial statements.*

**Village of Matamoras**  
**Washington 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, 2016*

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Totals (Memorandum Only) <u>Only</u>
<b>Operating Cash Receipts</b>			
Charges for Services	\$294,364	\$0	\$294,364
Fines, Licenses and Permits	0	22,773	22,773
<i>Total Operating Cash Receipts</i>	<u>294,364</u>	<u>22,773</u>	<u>317,137</u>
<b>Operating Cash Disbursements</b>			
Personal Services	110,132	0	110,132
Employee Fringe Benefits	16,044	0	16,044
Contractual Services	948,723	0	948,723
Supplies and Materials	73,053	0	73,053
Other	49	22,773	22,822
<i>Total Operating Cash Disbursements</i>	<u>1,148,001</u>	<u>22,773</u>	<u>1,170,774</u>
<i>Operating Income (Loss)</i>	<u>(853,637)</u>	<u>0</u>	<u>(853,637)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	8,588	0	8,588
Other Debt Proceeds	1,537,156	0	1,537,156
Miscellaneous Receipts	6,350	0	6,350
Capital Outlay	0	0	0
Principal Retirement	(64,939)	0	(64,939)
Interest and Other Fiscal Charges	(3,492)	0	(3,492)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,483,663</u>	<u>0</u>	<u>1,483,663</u>
<i>Net Change in Fund Cash Balances</i>	630,026	0	630,026
<i>Fund Cash Balances, January 1</i>	<u>244,377</u>	<u>1,293</u>	<u>245,670</u>
<i>Fund Cash Balances, December 31</i>	<u>\$874,403</u>	<u>\$1,293</u>	<u>\$875,696</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**Note 1 - Reporting Entity**

The Village of Matamoras (the Village), Washington 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 water and sewer utilities, park operations, and police services.

**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.

***State Highway Fund*** This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

***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:

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***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 accounts for Mayor's Court fines and forfeitures.

***Basis of Accounting***

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

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

***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. Appropriations lapse at year end.

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

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

*Encumbrances* The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

***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.

***Fund Balance***

Fund balance is divided into two 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:

***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.

***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.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$160,749	\$96,278	(\$64,471)
Special Revenue	42,317	43,528	1,211
Enterprise	1,402,945	1,846,458	443,513
Total	\$1,606,011	\$1,986,264	\$380,253

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$437,132	\$128,343	\$308,789
Special Revenue	121,173	47,964	73,209
Enterprise	1,646,057	1,216,432	429,625
Total	\$2,204,362	\$1,392,739	\$811,623

**Note 4 - Deposits**

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

	2016
Demand deposits	\$1,196,457

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

**Note 5 - 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.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Note 5 - Taxes (Continued)**

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

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

**Note 6 - Risk Management**

*Commercial Insurance*

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

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, 2016.

*Ohio Police and Fire Retirement System*

Village's 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, 2016.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Note 8 - 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 9 - Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OPWC - CT70E	\$2,286	0.00%
OPWC - CT67B	9,202	2.00%
OPWC - CT27G	153,506	2.00%
OPWC - CTA4M	147,147	0.00%
USDA Loan	1,537,157	2.13%
Total	\$1,849,298	

OPWC-CT70E - The Village borrowed \$6,095 from Ohio Public Works Commission (OPWC) for the installation of an ultraviolet light disinfection system. The term of the loan is 20 years, to be amortized in 40 semi-annual payments of \$152, which began on July 1, 2004.

OPWC-CT67B - The Village borrowed \$24,900 from OPWC for the replacement of lift stations. The term of the loan is 20 years, to be amortized in 40 semi-annual payments of \$758, which began on July 1, 2003.

OPWC-CR27G - The Village borrowed \$292,599 from OPWC for the waste water treatment rehabilitation project. The term of the loan is 20 years, to be amortized in 40 semi-annual payments of \$8,911, which began on July 1, 2006.

OPWC-CTA4M - The Village borrowed \$187,847 from OPWC for the raw water main replacement. The term of the loan is 30 years, to be amortized in 60 semi-annual payments of \$3,130.50, which began on July 1, 2010.

The USDA loan was obtained in 2016 for a water system improvement project. The loan was approved up to \$1,902,000 with the drawdown amount of \$1,537,157 as of December 31, 2016. No amortization schedule has been established.



**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Note 9 - Debt (Continued)**

*Amortization*

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

Year ending December 31:	OPWC CT17E	OPWC CT67B	OPWC CR27G	OPWC CTA4M
2017	\$305	\$1,517	\$17,823	\$6,262
2018	305	1,517	17,823	6,262
2019	305	1,517	17,823	6,262
2020	305	1,517	17,823	6,262
2021	305	1,517	17,823	6,262
2022-2026	761	2,275	80,202	31,308
2027-2031	0	0	0	31,308
2032-2036	0	0	0	31,308
2037-2040	0	0	0	21,913
Total	<u>\$2,286</u>	<u>\$9,860</u>	<u>\$169,317</u>	<u>\$147,147</u>

**Note 10 - Contingent Liabilities**

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

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**Village of Matamoras**  
**Washington County**

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$36,607	\$4,799	\$41,406
Intergovernmental	24,114	30,704	54,818
Special Assessments	0	408	408
Fines, Licenses and Permits	25,069	0	25,069
Earnings on Investments	555	26	581
Miscellaneous	316,832	6,376	323,208
	<u>403,177</u>	<u>42,313</u>	<u>445,490</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	68,566	276	68,842
Public Health Services	2,121	0	2,121
Leisure Time Activities	3,054	0	3,054
Basic Utility Services	10,320	0	10,320
Transportation	0	43,932	43,932
General Government	46,050	275	46,325
Capital Outlay	2,162	0	2,162
<i>Total Cash Disbursements</i>	<u>132,273</u>	<u>44,483</u>	<u>176,756</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>270,904</u>	<u>(2,170)</u>	<u>268,734</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Uses	(17)	0	(17)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(17)</u>	<u>0</u>	<u>(17)</u>
<i>Net Change in Fund Cash Balances</i>	270,887	(2,170)	268,717
<i>Fund Cash Balances, January 1</i>	<u>7,356</u>	<u>81,189</u>	<u>88,545</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	79,019	79,019
Assigned	276,424	0	276,424
Unassigned (Deficit)	1,819	0	1,819
<i>Fund Cash Balances, December 31</i>	<u>\$278,243</u>	<u>\$79,019</u>	<u>\$357,262</u>

*See accompanying notes to the basic financial statements.*

**Village of Matamoras**  
**Washington 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, 2015*

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Total (Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$280,351	\$0	\$280,351
Fines, Licenses and Permits	0	33,172	33,172
<i>Total Operating Cash Receipts</i>	<u>280,351</u>	<u>33,172</u>	<u>313,523</u>
<b>Operating Cash Disbursements</b>			
Personal Services	123,621	0	123,621
Employee Fringe Benefits	17,184	0	17,184
Contractual Services	100,010	0	100,010
Supplies and Materials	75,050	0	75,050
Other	49	33,172	33,221
<i>Total Operating Cash Disbursements</i>	<u>315,914</u>	<u>33,172</u>	<u>349,086</u>
<i>Operating Income (Loss)</i>	<u>(35,563)</u>	<u>0</u>	<u>(35,563)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	5,446	0	5,446
Other Debt Proceeds	71,370	0	71,370
Miscellaneous Receipts	515	0	515
Capital Outlay	(1,093)	0	(1,093)
Principal Retirement	(28,309)	0	(28,309)
Interest and Other Fiscal Charges	(3,804)	0	(3,804)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>44,125</u>	<u>0</u>	<u>44,125</u>
<i>Net Change in Fund Cash Balances</i>	8,562	0	8,562
<i>Fund Cash Balances, January 1</i>	<u>235,815</u>	<u>1,293</u>	<u>237,108</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$244,377</u></u>	<u><u>\$1,293</u></u>	<u><u>\$245,670</u></u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**Note 1 - Reporting Entity**

The Village of Matamoras (the Village), Washington 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 water and sewer utilities, park operations, and police services.

**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.

***State Highway Fund*** This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

***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:

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***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 accounts for Mayor's Court fines and forfeitures.

***Basis of Accounting***

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

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

***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. Appropriations lapse at year end.

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

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

*Encumbrances* The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

***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.

***Fund Balance***

Fund balance is divided into three 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:

***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.

***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.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

*Fund Balance (Continued)*

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 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$431,850	\$403,177	(\$28,673)
Special Revenue	126,425	42,313	(84,112)
Enterprise	586,724	357,682	(229,042)
Total	\$1,144,999	\$803,172	(\$341,827)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$154,162	\$132,290	\$21,872
Special Revenue	125,545	44,483	81,062
Enterprise	530,564	349,120	181,444
Total	\$810,271	\$525,893	\$284,378

**Note 4 - Deposits**

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

	2015
Demand deposits	\$602,932

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



**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**Note 5 - 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.

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

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

**Note 6 - Risk Management**

*Commercial Insurance*

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

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, 2015.

*Ohio Police and Fire Retirement System*

Village's 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.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**Note 7 - Defined Benefit Pension Plans (Continued)**

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, 2015.

**Note 8 - 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 9 - Debt**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
OPWC - CT70E	\$2,590	0.00%
OPWC - CT67B	10,514	2.00%
OPWC - CT27G	168,040	2.00%
OPWC - CTA4M	153,408	0.00%
OWDA - 5660	41,287	4.35%
Total	\$375,839	

OPWC-CT70E - The Village borrowed \$6,095 from Ohio Public Works Commission (OPWC) for the installation of an ultraviolet light disinfection system. The term of the loan is 20 years, to be amortized in 40 semi-annual payments of \$152, which began on July 1, 2004.

OPWC-CT67B - The Village borrowed \$24,900 from OPWC for the replacement of lift stations. The term of the loan is 20 years, to be amortized in 40 semi-annual payments of \$758, which began on July 1, 2003.

OPWC-CR27G - The Village borrowed \$292,599 from OPWC for the waste water treatment rehabilitation project. The term of the loan is 20 years, to be amortized in 40 semi-annual payments of \$8,911, which began on July 1, 2006.

OPWC-CTA4M - The Village borrowed \$187,847 from OPWC for the raw water main replacement. The term of the loan is 30 years, to be amortized in 60 semi-annual payments of \$3,130.50, which began on July 1, 2010.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**Note 9 - Debt (Continued)**

OWDA-5660 - The Village borrowed \$76,305 from Ohio Water Development Authority (OWDA) for water system planning under a two-part Fresh Water Loan. The term of the initial loan was 5 years with payments of \$6,208 made annually beginning July 1, 2011. The secondary loan, dated August 29, 2013 had a term of 5 years with a balloon payment of \$30,764 payable at the end of the term.

***Amortization***

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

Year ending December 31:	OPWC CT17E	OPWC CT67B	OPWC CR27G	OPWC CTA4M	OWDA 5660
2016	\$305	\$1,517	\$17,823	\$6,262	\$42,526
2017	305	1,517	17,823	6,262	0
2018	305	1,517	17,823	6,262	0
2019	305	1,517	17,823	6,262	0
2020	305	1,517	17,823	6,262	0
2021-2025	1,065	3,793	89,115	31,308	0
2026-2030	0	0	17,823	31,308	0
2031-2035	0	0	0	31,308	0
2036-2040	0	0	0	28,174	0
Total	<u>\$2,590</u>	<u>\$11,378</u>	<u>\$196,053</u>	<u>\$153,408</u>	<u>\$42,526</u>

**Note 10 - Contingent Liabilities**

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

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**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Direct from the U.S. Department of Agriculture</i>			
Water and Waste Program Cluster			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	<u>\$902,612</u>
Total Water and Waste Program Cluster			<u>902,612</u>
Total U.S. Department of Agriculture			<u>902,612</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$902,612</u></u></b>

*The accompanying notes are an integral part of this Schedule.*

**VILLAGE OF NEW MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR PART 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – MATCHING REQUIREMENTS**

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

Village of Matamoras  
Washington County  
P.O. Box 536  
Matamoras, Ohio 45767-0536

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 Matamoras, Washington County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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 2016-002 and 2016-003 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 determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2016-001.

***Entity's Responses to Findings***

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the Village's responses 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 communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 9, 2017





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Village of Matamoras  
Washington County  
P.O. Box 536  
Matamoras, Ohio 45767-0536

To the Village Council:

### ***Report on Compliance for the Major Federal Program***

We have audited the Village of Matamoras's, Washington County, Ohio (the Village), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Village's major federal program.

### ***Management's Responsibility***

The Village's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Village complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

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***Report on Internal Control Over Compliance***

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 9, 2017

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY  
SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
DECEMBER 31, 2016 AND 2015**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR Part 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Program:</b> <ul style="list-style-type: none"> <li>• Water and Waste Disposal Systems for Rural Communities, CFDA #10.790</li> </ul>	
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR Part 200.520?</b>	No

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
-------------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2016-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

Two material contract obligations to Stonegate Construction totaling \$892,317 were outstanding at December 31, 2016 and paid in January 2017. These material obligations at year end were not reported as outstanding encumbrances of the Water Fund. This resulted in the overstatement of the fund balance available to fund the 2017 operations of the Water Fund and limits Council's ability to monitor and plan using reliable financial information.

The Fiscal Officer should ensure that all contracts and obligations are encumbered prior to obligation rather than when the invoice is paid.

**Official's Response:** Fiscal Officer will review Village Handbook to ensure fund balance classifications are corrected moving forward.

**FINDING NUMBER 2016-002**

**Material Weakness**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village Manual and the UAN Accounting provide five suggested fund balance classifications and clarify the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

For the period ending December 31, 2016, the following mispostings were noted:

1. Debt proceeds of \$1,046,354 were misclassified as miscellaneous receipts in the Water Operating Fund.
2. Principal payments of \$64,939 and interest payments of \$3,492 were improperly posted as contract service expenditures in the Water Operating Fund.
3. The December 31, 2016 General Fund balance of \$246,178 was improperly classified as restricted rather than as unassigned.
4. Fines, licenses and permits and the related other operating receipts of the Mayor's Court were improperly posted to the General Fund. As a result, \$22,773 in fines, licenses and fees were moved from the General Fund to the Mayor's Court Agency Fund. Additionally, general government expenditures in the General Fund were decreased by \$22,773 and other operating receipts in the Mayor's Court Agency Fund were increased by the same amount to report the activity in the proper fund.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
-------------------------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2016-002 (Continued)**

**Material Weakness (Continued)**

5. Intergovernmental receipts of \$4,373 were improperly classified as fines, licenses, and permits in the State Highway Fund.
6. Intergovernmental receipts of \$661 were improperly classified as fines, licenses, and permits in the Street Construction, Maintenance and Repair Fund.

For the period ending December 31, 2015, the following mispostings were noted:

1. Debt proceeds of \$70,277 were misclassified as miscellaneous receipts in the Water Operating Fund.
2. Principal payments of \$28,310 and interest payments of \$3,804 were improperly posted as contract service expenditures in the Water Operating Fund.
3. The December 31, 2016 General Fund balance of \$278,243 was improperly classified as restricted rather than classifying \$276,424 as assigned and the remaining \$1,819 as unassigned.
4. Fines, licenses and permits and the related other operating receipts of the Mayor's Court were improperly posted to the General Fund. As a result, \$33,172 in fines, licenses and fees were moved from the General Fund to the Mayor's Court Agency Fund. Additionally, general government expenditures in the General Fund were decreased by \$33,172 and other operating receipts in the Mayor's Court Agency Fund were increased by the same amount to report the activity in the proper fund.
5. Intergovernmental receipts of \$1,861 were improperly classified as fines, licenses, and permits in the State Highway Fund.
6. Intergovernmental receipts of \$2,812 were improperly classified as fines, licenses, and permits in the Street Construction, Maintenance and Repair Fund.

The misstatements resulted from a lack of oversight by the Village management in ensuring proper posting by the Fiscal Officer. The adjustments above, with which management agrees, are reflected in the audited financial statements.

To ensure the financial statements and notes to the financial statements are complete and accurate, the Fiscal Officer should review the audit adjustments and the Village Handbook for guidance on the correct line items to post various receipts of the Village in future audit periods.

**Official's Response:** Fiscal Officer will review Village Handbook to ensure postings of revenues and expenditures in the accounting system are corrected moving forward.

**FINDING NUMBER 2016-003**

**Material Weakness**

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts.

The Fiscal Officer did not properly post budgetary amendments to the accounting system. Variances existed between the final amended certificates and appropriation resolutions to the amounts posted to the accounting system.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY  
  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
-------------------------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2016-003 (Continued)**

**Material Weakness (Continued)**

For the year ended December 31, 2016 the following variances were noted:

1. General Fund appropriations, as approved, were \$275,453 more than the amount recorded in the accounting system.
2. Water Operating Fund appropriations, as approved, were \$83,248 more than the amount recorded in the accounting system.
3. Sewer Operating Fund appropriations, as approved, were \$103,847 more than the amount recorded in the accounting system.

For the year ended December 31, 2015 the following variances were noted:

1. For the General Fund, estimated revenues were \$260,009 more than the amount recorded in the accounting system.
2. For the Water Operating Fund, estimated revenues were \$56,160 more than the amount recorded in the accounting system.

The Fiscal Officer should record estimated receipts per the Official Certificate of Estimated Resources and Appropriation Resolutions, as well as all amendments to the accounting system. In addition, the Fiscal Officer should periodically present budget versus actual results to the Council. As part of their monitoring responsibilities, Council should review this information and inquire to the Fiscal Officer if they note apparent errors in the budget or actual data and should also use this information to determine if they should amend estimated revenues.

**Official's Response:** Fiscal Officer will review Village Handbook to ensure budgetary information posted in the accounting system is corrected moving forward.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY  
CORRECTIVE ACTION PLAN  
2 CFR PART 200.511(c)  
DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	Fiscal Officer will review Village Handbook to ensure fund balance classifications are corrected moving forward	Immediately	Carol Danver, Fiscal Officer
2016-002	Fiscal Officer will review Village Handbook to ensure postings of revenues and expenditures in the accounting system are corrected moving forward.	Immediately	Carol Danver, Fiscal Officer
2016-003	Fiscal Officer will review Village Handbook to ensure budgetary information posted in the accounting system is corrected moving forward.	Immediately	Carol Danver, Fiscal Officer

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# Dave Yost • Auditor of State

VILLAGE OF MATAMORAS

WASHINGTON 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  
AUGUST 22, 2017