



**VILLAGE OF METAMORA
FULTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020-2019

**OHIO AUDITOR OF STATE
KEITH FABER**



VILLAGE OF METAMORA
FULTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2020	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2020	6
Notes to the Financial Statements For the Year Ended December 31, 2020	7
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2019	17
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – Proprietary Fund Type For the Year Ended December 31, 2019	18
Notes to the Financial Statements For the Year Ended December 31, 2019	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29
Schedule of Findings.....	31
Prepared by Management:	
Summary Schedule of Prior Audit Findings	34

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Metamora, Fulton County, Ohio (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our 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, 2020 and 2019, and the respective changes in financial position or cash flows 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 cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the 2020 financial statements and Note 12 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 1, 2021

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**VILLAGE OF METAMORA
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	\$45,554	\$6,235			\$51,789
Municipal Income Tax	315,986				315,986
Intergovernmental	29,536	111,264		\$71,362	212,162
Charges for Services	2,625	7,538			10,163
Fines, Licenses and Permits	285				285
Earnings on Investments	1,390	231			1,621
Miscellaneous	13,971	96			14,067
<i>Total Cash Receipts</i>	<u>409,347</u>	<u>125,364</u>		<u>71,362</u>	<u>606,073</u>
Cash Disbursements					
Current:					
Security of Persons and Property	14,446				14,446
Leisure Time Activities	15,469	3,689			19,158
Community Environment	2,262				2,262
Transportation		18,003			18,003
General Government	138,501	16,841			155,342
Capital Outlay	7,701	29,407		82,608	119,716
Debt Service:					
Principal Retirement		2,010	\$39,350		41,360
Interest and Fiscal Charges			3,173		3,173
<i>Total Cash Disbursements</i>	<u>178,379</u>	<u>69,950</u>	<u>42,523</u>	<u>82,608</u>	<u>373,460</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>230,968</u>	<u>55,414</u>	<u>(42,523)</u>	<u>(11,246)</u>	<u>232,613</u>
Other Financing Receipts (Disbursements)					
Transfers In			42,992	10,338	53,330
Transfers Out	(73,330)	(20,000)			(93,330)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(73,330)</u>	<u>(20,000)</u>	<u>42,992</u>	<u>10,338</u>	<u>(40,000)</u>
<i>Net Change in Fund Cash Balances</i>	157,638	35,414	469	(908)	192,613
<i>Fund Cash Balances, January 1</i>	<u>449,058</u>	<u>84,759</u>	<u>3,441</u>	<u>\$908</u>	<u>538,166</u>
<i>Fund Cash Balances, December 31</i>	<u>\$606,696</u>	<u>\$120,173</u>	<u>\$3,910</u>		<u>\$730,779</u>

See accompanying notes to the basic financial statements

VILLAGE OF METAMORA
FULTON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES (REGULATORY CASH BASIS) - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$98,278
Fines, Licenses and Permits	2,161
	100,439
<i>Total Operating Cash Receipts</i>	
Operating Cash Disbursements	
Personal Services	23,802
Contractual Services	32,846
Supplies and Materials	3,283
	59,931
<i>Total Operating Cash Disbursements</i>	
<i>Operating Income</i>	40,508
Non-Operating Receipts (Disbursements)	
Earnings on Investments	292
Principal Retirement	(29,975)
Interest and Other Fiscal Charges	(21,287)
	(50,970)
<i>Total Non-Operating Receipts (Disbursements)</i>	
<i>Loss before Transfers</i>	(10,462)
Transfers In	49,293
Transfers Out	(9,293)
	39,999
<i>Net Change in Fund Cash Balances</i>	29,538
<i>Fund Cash Balances, January 1</i>	127,449
<i>Fund Cash Balances, December 31</i>	\$156,987

See accompanying notes to the basic financial statements

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Metamora (the Village), Fulton County, Ohio 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, sewer, and refuse utilities, park operations, police services, emergency medical services, road maintenance, and cemetery maintenance. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management, Inc. plan and the Ohio Municipal League Group Rating Plan public entity risk pools. Notes 9 and 12 to the financial statements provide additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Porter Memorial Fund The memorial park fund accounts for and reports donations and general fund transfers that are committed to fund construction of the park.

Coronavirus Relief Fund The coronavirus relief fund accounts for and reports grant money from federal and/or state that are committed to coronavirus relief.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Service Fund This fund receives transferred monies to pay off the road improvement bonds issued by the Metamora State Bank.

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

Capital Improvement Fund This fund receives proceeds of general obligation bonds and grant funds. The proceeds are being used to construct road improvements.

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:

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 sewer improvement.

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund 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 Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(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 re-appropriated in the subsequent year.

A summary of 2020 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 - Budgetary Activity

Budgetary activity for the years ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$366,361	\$409,347	\$42,986
Special Revenue	131,360	125,364	(5,996)
Debt Service	48,754	42,992	(5,762)
Capital Projects	91,312	81,700	(9,612)
Enterprise	148,452	150,024	1,572
Total	\$786,239	\$809,427	\$23,188

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$329,081	\$251,709	\$77,372
Special Revenue	168,357	89,950	78,407
Debt Service	45,873	42,523	3,350
Capital Projects	89,520	82,608	6,912
Enterprise	164,713	120,486	44,227
Total	\$797,544	\$587,276	\$210,268

Note 4 - Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

A summary of the Village’s deposit and investment accounts are as follows:

	2020
Demand deposits	\$643,111
Star Ohio	244,655
Total deposits and investments	\$887,766

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all unpaid payroll withholdings and liabilities. At December 31, 2020, the village is holding \$805 in unremitted employee payroll withholdings and liabilities.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

At December 31, 2020, \$4,717 of deposits were not insured or collateralized, contrary to Ohio law.

Investments

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

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Local Income Tax

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

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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

Note 6 - Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds-Street Bonds	\$114,000	2.25%
OPWC- East Main Street Sewer Separation Loan	2,151	
OPWC- Swanton Street Paving Loan	4,954	
OPWC- Water Treatment Plant Improvements	47,269	
OPWC- Parker Road Improvements	93,800	
United States Department of Agriculture Bonds	170,200	4.125%
General Obligation Sewer Bonds	424,499	3.00%
Total	<u>\$856,873</u>	

The General Obligation bonds issued by the Village are for street improvements. The bonds will be paid back in varying amounts over 10 years. The Village levied a tax sufficient to pay off the bonds.

The Village has several no interest loans through the Ohio Public Works Commission. The East Main Street loan relates to the installments of a storm drainage system and partial separation of the sewer system. The loan will be repaid in semiannual installments of \$358 over 20 years, maturing January 1, 2023.

The Swanton Street loan relates to the paving of Swanton Street. The loan will be repaid in semiannual installments of \$1,651 over 15 years, maturing July 1, 2021.

The Water Treatment Plant Improvement loan was for improvements to the water plant of the Village. The Village passed water services, collections and upkeep, to Fulton County due to monetary and OEPA mandated constraints on the upkeep of the plant. The loan will be repaid in semi-annual installments of \$1,969 over 20 years, maturing January 1, 2032. Fulton County reimburses the Village for the semi-annual payment amount.

The Parker Road improvement loan relates to improvements to Parker road in a partnership with Amboy Township. Amboy Township has a 43% stake in the improvements and loan. The loan will be repaid in semi-annual installments of \$3,350 for a period of 20 years, maturing July 1, 2034.

The Sanitary Sewer Bonds relate to improving the Village's sanitary sewer and storm sewer system. The amount of bonds issued were \$454,000 Sanitary Sewer Bonds Series 2007 B. The bonds shall bear interest at the rate of 4.125% per year. That interest shall be payable annually on June 1st of each year commencing June 1, 2008 along with a varying principal amount. The bonds will be repaid in full on June 1, 2036. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

The General Obligation Sewer Bonds relate to the refinancing of the USDA bonds issued in the original amount of \$558,000 in Sanitary Sewer Bonds Series 2007 A for improving the Village’s sanitary sewer and storm sewer system. The bonds bore an interest rate of 4.125% per year. The Village refinanced with the Metamora State Bank for the amount of \$502,600 at a rate of 3% in December of 2016, paying off the original loan with the USDA. The bonds will be repaid in semi-annual installments of \$16,800 over 20 years, maturing December 1, 2036. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system. Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OPWC Loans	USDA Loan	General Obligation Street Bonds	General Obligation Sewer Bonds
2021	\$21,989	\$88,904	\$39,363	\$33,601
2022	11,356	11,901	39,519	33,601
2023	10,997	11,859	39,664	33,601
2024	10,639	11,804		33,601
2025	10,639	11,837		33,601
2026-2030	53,195	58,800		168,005
2031-2035	29,359			168,005
2036-2040				33,601
Total	\$148,174	\$195,105	\$118,546	\$537,616

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2020 OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 8 - Postemployment Benefits

OPERS 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 9 - Risk Management

Risk Pool Membership

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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

Note 10 - Interfund Transfers

During 2020 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u>			Total
	General	Special Revenue	Enterprise	
Debt Service	\$22,992	\$20,000		\$42,992
Capital Projects	10,338			10,338
Enterprise	40,000		\$9,293	49,293
Total	\$73,330	\$20,000	\$9,293	\$102,623

Transfers represent reallocation of General Fund monies to Enterprise Funds and the Debt Service Fund in 2020 to make required debt payments. Transfers between the General Fund and the Capital Projects Fund is to assist in capital improvement projects. Transfers between the Special Revenue Fund and the Debt Service Fund are fund payments to street improvement debt payments. Transfers between Enterprise Funds were made to meet funding requirements for Debt Service Reserve.

Note 11 - Fund Balances

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned.

Note 12 - Public Entity Risk Pool

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

Note 13 - Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 14 - COVID-19

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

Note 15 - Miscellaneous Receipts

General Fund miscellaneous receipts primarily consisted of dividend rebates received from the Ohio Bureau of Worker's Compensation, donations, and reimbursements.

VILLAGE OF METAMORA
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$31,392	\$4,961			\$36,353
Municipal Income Tax	308,938				308,938
Intergovernmental	31,222	42,612			73,834
Charges for Services	2,988	12,232			15,220
Fines, Licenses and Permits	490				490
Earnings on Investments	4,397	788			5,185
Miscellaneous	8,950	3,660			12,610
<i>Total Cash Receipts</i>	<u>388,377</u>	<u>64,253</u>			<u>452,630</u>
Cash Disbursements					
Current:					
Security of Persons and Property	13,861				13,861
Leisure Time Activities	14,947	12,794			27,741
Community Environment	2,191				2,191
Transportation		28,563			28,563
General Government	160,974				160,974
Capital Outlay	20,091	3,914			24,005
Debt Service:					
Principal Retirement		4,020	\$42,700		46,720
Interest and Fiscal Charges			3,983		3,983
<i>Total Cash Disbursements</i>	<u>212,064</u>	<u>49,291</u>	<u>46,683</u>		<u>308,038</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>176,313</u>	<u>14,962</u>	<u>(46,683)</u>		<u>144,592</u>
Other Financing Receipts (Disbursements)					
Transfers In			45,802		45,802
Transfers Out	(172,802)	(20,000)			(192,802)
Other Financing Sources	356		2,881		3,237
Sale of Capital Assets				\$500	500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(172,446)</u>	<u>(20,000)</u>	<u>48,683</u>	<u>500</u>	<u>(143,263)</u>
<i>Net Change in Fund Cash Balances</i>	3,867	(5,038)	2,000	500	1,329
<i>Fund Cash Balances, January 1</i>	<u>445,191</u>	<u>89,797</u>	<u>1,441</u>	<u>408</u>	<u>536,837</u>
Fund Cash Balances, December 31					
Restricted		84,759	3,441	908	89,108
Unassigned	449,058				449,058
<i>Fund Cash Balances, December 31</i>	<u>\$449,058</u>	<u>\$84,759</u>	<u>\$3,441</u>	<u>\$908</u>	<u>\$538,166</u>

See accompanying notes to the basic financial statements

**VILLAGE OF METAMORA
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$95,735
Fines, Licenses and Permits	3,685
	99,420
<i>Total Operating Cash Receipts</i>	<i>99,420</i>
Operating Cash Disbursements	
Personal Services	25,748
Transportation	40
Contractual Services	33,252
Supplies and Materials	1,794
	60,834
<i>Total Operating Cash Disbursements</i>	<i>60,834</i>
<i>Operating Income</i>	<i>38,586</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	1,176
Capital Outlay	(2,000)
Principal Retirement	(176,046)
Interest and Other Fiscal Charges	(26,201)
Other Financing Uses	3,939
	(199,132)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(199,132)</i>
<i>Loss before Transfers</i>	<i>(160,546)</i>
Transfers In	150,540
Transfers Out	(3,540)
	(13,546)
<i>Net Change in Fund Cash Balances</i>	<i>(13,546)</i>
<i>Fund Cash Balances, January 1</i>	<i>140,995</i>
<i>Fund Cash Balances, December 31</i>	<i>\$127,449</i>

See accompanying notes to the basic financial statements

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Metamora (the Village), Fulton County, Ohio 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, sewer, and refuse utilities, park operations, police services, emergency medical services, road maintenance, and cemetery maintenance. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management, Inc. plan and the Ohio Municipal League Group Rating Plan public entity risk pools. Notes 9 and 11 to the financial statements provide additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund cash balances for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund cash balances for proprietary fund type 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 Fund:

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.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Service Fund This fund receives transferred monies to pay off the road improvement bonds issued by the Metamora State Bank.

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

Capital Improvement Fund This fund receives proceeds of general obligation bonds and grant funds. The proceeds are being used to construct road improvements.

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:

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 sewer improvement.

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund 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.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

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 re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

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

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

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

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

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

Note 3 - Equity in Pooled Deposits and Investments

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

	2019
Demand deposits	\$422,688
Star Ohio	242,927
Total deposits and investments	\$665,615

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or 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 the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 4 - Budgetary Activity

Budgetary activity for the years ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$351,377	\$388,733	\$37,356
Special Revenue	59,639	64,253	4,614
Debt Service	49,564	48,683	(881)
Capital Projects		500	500
Enterprise	253,579	255,075	1,496
Total	\$714,159	\$757,244	\$43,085

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$494,411	\$384,866	\$109,545
Special Revenue	104,569	69,291	35,278
Debt Service	46,683	46,683	
Enterprise	304,106	268,621	35,485
Total	\$949,769	\$769,461	\$180,308

Note 5 - Taxes

Property Tax

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

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.

Income Tax

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

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Note 6 - Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds-Street Bonds	\$150,000	2.25%
OPWC- East Main Street Sewer Separation Loan	2,509	
OPWC- Swanton Street Paving Loan	6,607	
OPWC- Water Treatment Plant Improvements	49,238	
OPWC- Parker Road Improvements	97,150	
United States Department of Agriculture Bonds	177,800	4.125%
General Obligation Sewer Bonds	444,905	3.00%
Total	<u>\$928,209</u>	

The General Obligation bonds issued by the Village are for street improvements. The bonds will be paid back in varying amounts over 10 years. The Village levied a tax sufficient to pay off the bonds.

The Village has several no interest loans through the Ohio Public Works Commission. The East Main Street loan relates to the installments of a storm drainage system and partial separation of the sewer system. The loan will be repaid in semiannual installments of \$358 over 20 years, maturing January 1, 2023.

The Swanton Street loan relates to the paving of Swanton Street. The loan will be repaid in semiannual installments of \$1,651 over 15 years, maturing July 1, 2021.

The Water Treatment Plant Improvement loan was for improvements to the water plant of the Village. The Village passed water services, collections and upkeep, to Fulton County due to monetary and OEPA mandated constraints on the upkeep of the plant. The loan will be repaid in semi-annual installments of \$1,969 over 20 years, maturing January 1, 2032. Fulton County reimburses the Village for the semi-annual payment amount.

The Parker Road improvement loan relates to improvements to Parker road in a partnership with Amboy Township. Amboy Township has a 43% stake in the improvements and loan. The loan will be repaid in semi-annual installments of \$3,350 for a period of 20 years, maturing July 1, 2034.

The Sanitary Sewer Bonds relate to improving the Village's sanitary sewer and storm sewer system. The amount of bonds issued were \$454,000 Sanitary Sewer Bonds Series 2007 B. The bonds shall bear interest at the rate of 4.125% per year. That interest shall be payable annually on June 1st of each year commencing June 1, 2008 along with a varying principal amount. The bonds will be repaid in full on June 1, 2036. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

The General Obligation Sewer Bonds relate to the refinancing of the USDA bonds issued in the original amount of \$558,000 in Sanitary Sewer Bonds Series 2007 A for improving the Village’s sanitary sewer and storm sewer system. The bonds bore an interest rate of 4.125% per year. The Village refinanced with the Metamora State Bank for the amount of \$502,600 at a rate of 3% in December of 2016, paying off the original loan with the USDA. The bonds will be repaid in semi-annual installments of \$16,800 over 20 years, maturing December 1, 2036. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system.

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

Year ending December 31:	OPWC Loans	USDA Loan	General Obligation Street Bonds	General Obligation Sewer Bonds
2020	\$14,659	\$15,692	\$39,173	\$33,601
2021	14,659	88,904	39,363	33,601
2022	11,356	11,901	39,519	33,601
2023	10,998	11,859	39,664	33,601
2024	10,639	11,804		33,601
2025-2029	53,195	59,183		168,005
2030-2034	39,998	11,454		168,005
2035-2039				67,202
Total	\$155,504	\$210,797	\$157,719	\$571,217

Note 7 - Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 8 - Postemployment Benefits

OPERS offers 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 9 - Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

Village of Metamora
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 10 - Interfund Transfers

During 2019 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	
Debt Service	\$25,802	\$20,000		\$45,802
Enterprise	147,000		\$3,540	150,540
Total	\$172,802	\$20,000	\$3,540	\$196,342

Transfers represent reallocation of General Fund monies to Enterprise Funds and the Debt Service Fund in 2019 to make required debt payments. Transfers between the Special Revenue fund and the Debt Service fund are fund debt payments for street improvements. Transfers between Enterprise funds were made to meet funding requirements for Debt Service Reserve.

Note 11 - Public Entity Risk Pool

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

Note 12 - Subsequent Events

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

Note 13 - Other Financing Sources

The Debt Service Fund received payments from Amboy Township to pay a portion of the debt associated with the Ohio Public Works Commission loan for Parker road improvements.

Note 14 - Miscellaneous Receipts

Special Revenue Fund miscellaneous receipts primarily consisted of park donations.

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OHIO AUDITOR OF STATE KEITH FABER



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

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

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 for each governmental and proprietary fund type as of and for the year ended December 31, 2020, and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Metamora, Fulton County, Ohio (the Village) and have issued our report thereon dated November 1, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2020-001 and 2020-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-003 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

November 1, 2021

**VILLAGE OF METAMORA
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness – Park Fundraiser

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

Implementing effective internal controls, both application and monitoring, is an important responsibility of management. Effective internal controls can help assure that transactions are complete, occurred, are accurately reported, properly cutoff, and properly classified.

Due to deficiencies in their policies and procedures, the Village did not implement internal controls over the collection of Park Fund charges for services fund raising receipts which resulted in a lack of adequate supporting documentation over these receipts. We were able to obtain sufficient audit evidence of Park Fund revenues.

The following weaknesses in the 2019 receipts process were identified:

- The Village did not maintain supporting documentation to support cash collected for alcohol sales, concession stand items, chicken halves or chicken dinners sold.
- There was no documentation to support the individual donations to support the fundraiser.

The Village should implement internal controls, including written policies and procedures to help ensure receipts are properly accounted for and supported. These controls should include, but are not limited to the following:

- Require collections for each individual cashier be reconciled at the end of each shift, documented and signed off by the cashier,
- The collections should be counted by all parties involved and a record should be maintained and signed by both parties whenever the money is transferred from one person to the next, such as from the cashier to the Fiscal Officer,
- The Fiscal Officer or Deputy should verify the ticket reconciliations are accurately completed and the cash total of the ticket reconciliations match the amount deposited,
- Require the Finance Committee to verify the ticket reconciliations, cash collected and the reconciliation process,
- Require the Village to monitor and track ticket reconciliation overages and shortages for each cashier and to investigate any significant variances,
- Require sold and unsold tickets to be maintained for management review and audit,
- Supporting documentation for chicken dinners sold should be maintained, which includes a documented unit price and number sold.
- Pre-numbered receipts or other documentation should be maintained for all donations.

FINDING NUMBER 2020-002

Material Weakness - Financial Reporting

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

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 requires, in part and codified as GASB Cod 1800.168, fund balances be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

In 2019, Capital Projects fund balance in the amount of \$908 was incorrectly reported as committed. This should have been reported as restricted since the balances represent a sale of capital asset and grant monies with a constraint externally imposed by the grantor.

This error was not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failing to provide accurate financial statements could lead to the Council making misinformed decisions. The accompanying financial statements, have been adjusted to correct this error.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council to help identify and correct errors and omissions. In addition, the Fiscal Officer should refer to Ohio Auditor of State Bulletin 2011-004 for guidance on GASB Statement No. 54.

FINDING NUMBER 2020-003

Significant Deficiency - Cash Reconciliation Errors

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

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

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

Monthly bank to book reconciliations were not properly reconciled in 2020 which resulted in the cash balances of Street Construction Maintenance and Repair Fund and State Highway Improvement Fund being overstated by \$3,044 and \$247, respectively, due to a receipt being double booked. This variance was incorrectly identified on the bank reconciliation as a “deposit in transit”. The accompanying financial statements, notes to the financial statements and the Village’s accounting records have been adjusted to reflect the correction of this error.

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

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

Officials’ Response:

On behalf of the Village of Metamora, I would like to respond to the Audit for the years 2019-2020. The previous Fiscal Officer retired on April 22, 2021 and I filled the position on April 26, 2021. After reviewing the findings from this audit, I have gained the knowledge needed to be able to correct the necessary items needed as well as be better prepared for the future on behalf of the Village. I will also be working with the Mayor and Council to establish a plan with Fulton County regarding billings and also developing a Disaster Plan.

VILLAGE OF METAMORA

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Finding was first issued in the 2016-2015 audit. Material weakness due to a lack of internal controls over the park fundraiser.	Not corrected and repeated as Finding 2020-001 in this report.	Recurrence due to inadequate internal control policies and procedures regarding the collection of park fundraiser receipts. Fiscal Officer and Village Council will implement effective application and monitoring controls.
2018-002	Finding was first issued in the 2014-2013 audit. Material weakness due to financial statement reporting errors.	Not corrected and repeated as Finding 2020-002 in this report.	Additional errors occurred and were not corrected. Management is aware and understands the importance of the information presented on the financial statements and will ensure the financial statements are properly presented.
2018-003	Ohio Rev. Code § 5705.10(F) and Ohio Rev. Code § 5705.01(E) and significant deficiency due to the improper recording of a sale of capital asset.	Fully corrected.	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF METAMORA

FULTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/16/2021

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