

**VILLAGE OF METAMORA
FULTON COUNTY**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Metamora, Fulton County, prepared by LublinSussman Group LLP, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 20, 2009

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of cash receipts, cash disbursements, and changes in fund cash balances - all governmental fund types and proprietary fund types of the Village of Metamora, Fulton County, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices prescribed or permitted by the Auditor of State. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds presented in the accompanying financial statements, GAAP requires presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Metamora, Fulton County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America had determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2009 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Seiblin Sussman Group LLP

September 23, 2009
Toledo, Ohio

**VILLAGE OF METAMORA
FULTON COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			Totals (Memo. Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 44,039	\$ 0	\$ 0	\$ 44,039
Municipal Income Tax	207,733	0	0	207,733
Intergovernmental Receipts	44,683	73,763	3,200	121,646
Charges for Services	475	0	0	475
Fines, Licenses, and Permits	465	0	0	465
Earnings on Investments	8,029	2,450	0	10,479
Miscellaneous	<u>6,492</u>	<u>0</u>	<u>0</u>	<u>6,492</u>
Total Cash Receipts	<u>311,916</u>	<u>76,213</u>	<u>3,200</u>	<u>391,329</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	14,160	0	0	14,160
Leisure Time Activities	22,751	0	0	22,751
Community Environment	12,599	0	0	12,599
Transportation	0	16,487	0	16,487
General Government	179,930	0	0	179,930
Debt Service:				
Principal Payments	0	4,020	0	4,020
Capital Outlay	<u>160,595</u>	<u>112,049</u>	<u>3,643</u>	<u>276,287</u>
Total Cash Disbursements	<u>390,035</u>	<u>132,556</u>	<u>3,643</u>	<u>526,234</u>
Total Receipts Under Disbursements	<u>(78,119)</u>	<u>(56,343)</u>	<u>(443)</u>	<u>(134,905)</u>
Other Financing Receipts (Disbursements):				
Transfers-In	0	0	3,643	3,643
Transfers-Out	(83,643)	0	0	(83,643)
Advances-In	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Total Other Financing Receipts (Disbursements)	<u>(58,643)</u>	<u>0</u>	<u>3,643</u>	<u>(55,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements				
	(136,762)	(56,343)	3,200	(189,905)
Fund Cash Balances, January 1	<u>442,337</u>	<u>115,095</u>	<u>0</u>	<u>557,432</u>
Fund Cash Balances, December 31	<u>\$ 305,575</u>	<u>\$ 58,752</u>	<u>\$ 3,200</u>	<u>\$ 367,527</u>
Reserves for Encumbrances, December 31	<u>\$ 1,537</u>	<u>\$ 335</u>	<u>\$ 0</u>	<u>\$ 1,872</u>

See Notes to Financial Statements

VILLAGE OF METAMORA
 FULTON COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 282,459
Fines, License and Permits	3,897
Miscellaneous	<u>410</u>
Total Operating Cash Receipts	<u>286,766</u>
Operating Cash Disbursements:	
Personal Services	154,993
Travel Transportation	1,658
Contractual Services	76,761
Supplies and Materials	<u>27,520</u>
Total Operating Cash Disbursements	<u>260,932</u>
Operating Income	<u>25,834</u>
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	29,955
Intergovernmental Receipts	348
Earnings on Investments	<u>4,118</u>
Total Non-Operating Cash Receipts	<u>34,421</u>
Non-Operating Cash Disbursements:	
Redemption of Principal	46,277
Interest and Other Finance Charges	57,023
Capital Outlay	<u>13,472</u>
Total Non-Operating Cash Disbursements	<u>116,772</u>
Excess of Receipts Under Disbursements Before Interfund Transfers and Advances	(56,517)
Transfers-In	137,757
Transfers-Out	(57,757)
Advances-Out	<u>(25,000)</u>
Net Receipts Under Disbursements	(1,517)
Fund Cash Balances, January 1	<u>195,417</u>
Fund Cash Balances, December 31	\$ <u>193,900</u>
Reserve for Encumbrances, December 31	\$ <u>4,370</u>

See Notes to Financial Statements

**VILLAGE OF METAMORA
FULTON COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals (Memo. Only)
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 44,585	\$ 0	\$ 0	\$ 44,585
Municipal Income Tax	221,739	0	0	221,739
Intergovernmental Receipts	47,606	40,453	0	88,059
Charges for Services	775	0	0	775
Fines, Licenses, and Permits	235	0	0	235
Earnings on Investments	12,708	3,306	0	16,014
Miscellaneous	<u>5,672</u>	<u>0</u>	<u>0</u>	<u>5,672</u>
Total Cash Receipts	<u>333,320</u>	<u>43,759</u>	<u>0</u>	<u>377,079</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	13,758	0	0	13,758
Leisure Time Activities	21,872	0	0	21,872
Community Environment	11,205	0	0	11,205
Transportation	0	14,725	0	14,725
General Government	142,712	6,519	0	149,231
Debt Service:				
Principal Payments	0	4,020	0	4,020
Capital Outlay	<u>13,070</u>	<u>9,620</u>	<u>0</u>	<u>22,690</u>
Total Cash Disbursements	<u>202,617</u>	<u>34,884</u>	<u>0</u>	<u>237,501</u>
Total Receipts Over Disbursements	<u>130,703</u>	<u>8,875</u>	<u>0</u>	<u>139,578</u>
Other Financing Receipts (Disbursements):				
Transfers - Out	(60,000)	0	0	(60,000)
Advances - In	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Total Other Financing Receipts (Disbursements):	<u>(50,000)</u>	<u>0</u>	<u>0</u>	<u>(50,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements				
	80,703	8,875	0	89,578
Fund Cash Balances, January 1	<u>361,634</u>	<u>106,220</u>	<u>0</u>	<u>467,854</u>
Fund Cash Balances, December 31	<u>\$ 442,337</u>	<u>\$ 115,095</u>	<u>\$ 0</u>	<u>\$ 557,432</u>
Reserves for Encumbrances, December 31	<u>\$ 3,253</u>	<u>\$ 34,000</u>	<u>\$ 0</u>	<u>\$ 37,253</u>

See Notes to Financial Statements

VILLAGE OF METAMORA
 FULTON COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 289,120
Fines, License and Permits	4,007
Miscellaneous	<u>2,273</u>
Total Operating Cash Receipts	<u>295,400</u>
Operating Cash Disbursements:	
Personal Services	150,062
Travel Transportation	923
Contractual Services	78,318
Supplies and Materials	<u>23,858</u>
Total Operating Cash Disbursements	<u>253,161</u>
Operating Income	<u>42,239</u>
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	28,916
Intergovernmental Receipts	74,301
Sale of Bonds	1,012,000
Earnings on Investments	<u>2,716</u>
Total Non-Operating Cash Receipts	<u>1,117,933</u>
Non-Operating Cash Disbursements:	
Redemption of Principal	1,056,037
Interest and Other Finance Charges	61,686
Capital Outlay	<u>8,098</u>
Total Non-Operating Cash Disbursements	<u>1,125,821</u>
Excess of Receipts Under Disbursements Before Interfund Transfers	34,351
Transfers-In	125,323
Transfers-Out	(65,323)
Advances-Out	<u>(10,000)</u>
Net Receipts Under Disbursements	84,351
Fund Cash Balances, January 1	<u>111,066</u>
Fund Cash Balances, December 31	<u>\$ 195,417</u>
Reserve for Encumbrances, December 31	<u>\$ 2,827</u>

See Notes to Financial Statements

VILLAGE OF METAMORA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

ORGANIZATION

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

CASH AND INVESTMENTS

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

Certificates of deposit are valued at cost. The investment in STAR Ohio are recorded at share values the mutual funds report.

FUND ACCOUNTING

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

a. General Fund

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

VILLAGE OF METAMORA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FUND ACCOUNTING (CONTINUED)

b. Special Revenue Funds

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

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

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

c. Capital Project Funds

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

Capital Project Fund - This fund receives grant proceeds for governmental fund improvement projects.

d. Enterprise Funds

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

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

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

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

VILLAGE OF METAMORA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETARY PROCESS

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

a. Appropriations

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

b. Estimated Resources

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

c. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

PROPERTY, PLANT, AND EQUIPMENT

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

ACCUMULATED LEAVE

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

VILLAGE OF METAMORA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(2) EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 110,902	\$ 314,955
Certificates of Deposit	<u>97,543</u>	<u>93,726</u>
Total Deposits	<u>208,445</u>	<u>408,681</u>
 STAR Ohio	 <u>352,982</u>	 <u>344,168</u>
Total Investments	<u>352,982</u>	<u>344,168</u>
Total Deposits and Investments	<u>\$ 561,427</u>	<u>\$ 752,849</u>

DEPOSITS

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village. At 2007, security pledged by the depository was less than the Village's deposits by \$110,710.

INVESTMENTS

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

VILLAGE OF METAMORA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(3) BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 306,252	\$ 311,916	\$ 5,664
Special Revenue	72,529	76,213	3,684
Capital Projects	6,843	6,843	0
Enterprise	<u>462,204</u>	<u>458,944</u>	<u>(3,260)</u>
Total	<u>\$ 847,828</u>	<u>\$ 853,916</u>	<u>\$ 6,088</u>

2008 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 758,586	\$ 475,215	\$ 283,371
Special Revenue	187,149	132,891	54,258
Capital Projects	3,643	3,643	0
Enterprise	<u>582,153</u>	<u>439,831</u>	<u>142,322</u>
Total	<u>\$ 1,531,531</u>	<u>\$ 1,051,580</u>	<u>\$ 479,951</u>

2007 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 308,819	\$ 333,320	\$ 24,501
Special Revenue	31,330	43,759	12,429
Capital Projects	0	0	0
Enterprise	<u>1,535,958</u>	<u>1,538,656</u>	<u>2,698</u>
Total	<u>\$ 1,876,107</u>	<u>\$ 1,915,735</u>	<u>\$ 39,628</u>

2007 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 670,453	\$ 265,870	\$ 404,583
Special Revenue	137,550	68,884	68,666
Capital Projects	0	0	0
Enterprise	<u>1,602,345</u>	<u>1,447,132</u>	<u>155,213</u>
Total	<u>\$ 2,410,348</u>	<u>\$ 1,781,886</u>	<u>\$ 628,462</u>

VILLAGE OF METAMORA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(4) PROPERTY TAX

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

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

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

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

(5) LOCAL INCOME TAX

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

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

(6) DEBT

Debt outstanding at December 31, 2008 and 2007 was as follows:

	Balance <u>12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/08</u>	Interest <u>Rate</u>
Ohio Water Development Authority Loan	\$ 195,944	\$ 0	\$ 27,566	\$ 168,378	6.75%
Sanitary Sewer Bonds	1,012,000	0	0	1,012,000	4.125%
Ohio Public Works Commission	135,983	0	18,711	117,272	4.00%
Ohio Public Works Commission	44,595	0	3,303	41,292	0%
Ohio Public Works Commission	<u>10,752</u>	0	<u>717</u>	<u>10,035</u>	0%
Total	<u>\$ 1,399,274</u>	<u>\$ 0</u>	<u>\$ 50,297</u>	<u>\$ 1,348,977</u>	

VILLAGE OF METAMORA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(6) DEBT (CONTINUED)

	Balance <u>12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/07</u>	Interest <u>Rate</u>
Ohio Water Development Authority Loan	\$ 221,766	\$ 0	\$ 25,822	\$ 195,944	6.75%
Ohio Water Development Authority Loan	1,012,230	0	1,012,230	0	3.27%
Sanitary Sewer Bonds	0	1,012,000	0	1,012,000	4.125%
Ohio Public Works Commission	153,968	0	17,985	135,983	4.00%
Ohio Public Works Commission	47,898	0	3,303	44,595	0%
Ohio Public Works Commission	<u>11,469</u>	<u>0</u>	<u>717</u>	<u>10,752</u>	0%
Total	<u>\$ 1,447,331</u>	<u>\$ 1,012,000</u>	<u>\$ 1,060,057</u>	<u>\$ 1,399,274</u>	

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

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

The third OPWC loan relates to the paving of Swanton Street. The loan will be repaid in semiannual installments of \$1,651 (no interest) over 15 years, maturing July 1, 2021. No assets are pledged to secure this loan.

The Sanitary Sewer Bonds relate to improving the Village's sanitary sewer and storm sewer system. The amount of bonds issued were \$558,000 in Sanitary Sewer Bonds Series 2007 A and \$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, 2047. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system.

**VILLAGE OF METAMORA
FULTON COUNTY**
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(6) DEBT (CONTINUED)

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

Year Ending December 31	1st OWDA Loan	Sanitary Sewer Bonds	1st OPWC	2nd OPWC	3rd OPWC
2009	\$ 40,792	\$ 38,498	\$ 23,965	\$ 717	\$ 3,303
2010	40,792	52,645	23,965	717	3,303
2011	40,792	52,595	23,965	717	3,303
2012	40,792	52,629	23,965	717	3,303
2013	40,792	52,643	23,965	717	3,303
2014 - 2019	0	262,998	11,983	3,584	16,517
2020 - 2024	0	263,063	0	2,866	8,260
2025 - 2029	0	263,043	0	0	0
2030 - 2034	0	263,173	0	0	0
2035 - 2039	0	263,149	0	0	0
2040 - 2044	0	263,435	0	0	0
2045 - 2048	0	263,292	0	0	0
Totals	<u>\$ 203,960</u>	<u>\$ 2,091,163</u>	<u>\$ 131,808</u>	<u>\$ 10,035</u>	<u>\$ 41,292</u>

(7) RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007 OPERS participants contributed 10% and 9.5% of their wages. The Village has contributed an amount equal to 14% and 13.85% of the participants' gross salaries for 2008 and 2007. The Village has paid all contributions required through December 31, 2008.

Pension expense amounted to \$31,891 and \$24,312 for 2008 and 2007, respectively.

(8) RISK MANAGEMENT

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

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

VILLAGE OF METAMORA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(8) RISK MANAGEMENT (CONTINUED)

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

The Plan's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>5,286,781</u>	<u>4,273,553</u>
Member's Equity	<u>\$ 5,184,333</u>	<u>\$ 6,862,902</u>

(9) NONCOMPLIANCE

Contrary to Ohio Revised Code Section 731.14, the Village did not subject a curb replacement project that exceeded \$25,000 in materials and labor to a competitive bidding process during the year. Council approved the contract without subjecting it to the competitive bidding process because the cost of the contract was identical to a contract that had just been competitively bid by the State of Ohio.

(10) SUBSEQUENT EVENT

The Village has entered into a contract with the Northeast Fulton County Water District to provide water for the Village. The contract entailed the possibility of entering into a \$125,000 loan for engineering services necessary for the District, however, these funds have not yet been utilized.

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

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

We have audited the accompanying financial statements of the Village of Metamora, Fulton County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 23, 2009 wherein we noted that the Village prepared its financial statements using accounting practices the Auditor of State prescribes, rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purposed described in the preceding paragraph and would not necessarily identify deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider item 2008-002 described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

We noted certain matters that we reported to the Village's management in a separate letter dated September 23, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2008-001 and 2008-003.

We noted certain matters that we reported to the Council of the Village of Metamora, Fulton County, in a separate letter dated September 23, 2009

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

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

Delvin Sussman Group LLP

September 23, 2009
Toledo, Ohio

**VILLAGE OF METAMORA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Revised Code Section 731.14 requires all contracts for material and labor which exceed \$25,000 are subject to competitive bidding procedures. It also requires that acceptance of the contract is to be approved by the legislative authority.

There was one project that exceeded this \$25,000 requirement that was not subjected to competitive bidding procedures. We recommend all separate contracts exceeding \$25,000 be subjected to a competitive bidding process to make sure the best possible bid is obtained and to be in compliance with Ohio law.

Officials' Response: The Village fiscal officer is aware of the noncompliance. Council approved the contract without subjecting it to the competitive bidding process because the cost of the contract was identical to a contract that had just been competitively bid by the State of Ohio.

FINDING NUMBER 2008-002

Significant Deficiency - No Accountability of Bulk Water Sales

There is no accountability for sales from the water tower. Customers deposit cash into a locked money machine at the water tower which dispenses water by the gallon. The money machine does not account for the gallons disbursed or the monies collected. Village employees collect the monies from the machine and deliver to the Village offices to be deposited into the bank by the Village Fiscal Officer or Deputy Clerk.

This condition provides for the lack of safeguarding of cash assets and the possible loss or diversion of cash assets occurring and going undetected.

To correct this condition we recommended the Village implement controls to promote accountability for both cash and water usage. There should be a cash count, preferably by report, cash tape, or double counted by persons handling the cash. If counted by Village personnel a form should be used that both parties can sign for the agreement of the cash balances. The cash count should be compared to the amount of water disbursed (preferably measured by a water meter).

Officials' Response: Since we will be closing the bulk water sales in 2010, the Board does not feel that it is financially responsible to alter the system at this point.

**VILLAGE OF METAMORA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

FINDING NUMBER 2008-003

Noncompliance Citation

Ohio Revised Code Sections 135.18 and 135.181 require that the treasurer of a political subdivision must require the depository to provide security equal to the funds on deposit at all times. Security must consist of federal deposit insurance, surety bonds, or pledged securities.

It was noted that the security pledged by the depository was less than the Village's deposits by \$110,710 for the year ended December 31, 2007. We recommend pledged security be equal to or greater than deposits to prevent the possible loss of funds.

Officials Response: The Village fiscal officer was unaware the Certificates of Deposit needed to be included in the amount of security needed. In 2008, the FDIC raised the insurance limits which enabled the Village's deposit to be fully secured.

VILLAGE OF METAMORA
 SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2008 and 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Noncompliance Citation: Noncompliance of Ohio Revised Code Section 731.14. Contract for material and labor for street paving project, which exceeded \$25,000 was not subjected to competitive bidding procedures.	No	Finding repeated as 2008-001
2006-002	Noncompliance Citation: Noncompliance of Ohio Revised Code Sections 135.18 and 135.181. The security pledged by the depository was less than the Village's deposits.	No	Partially corrected Finding repeated as 2008-003
2006-003	Noncompliance Citation: Noncompliance of Ohio Revised Code Section 5705.36(A)(2). The appropriations exceeded actual available resources in the capital projects and enterprise funds.	Yes	
2006-004	Significant Deficiency: Lack of safeguarding of cash assets from sales at the water tower.	No	Finding repeated as 2008-002
2006-005	Noncompliance Citation: U.S. Department of Agriculture - Rural Utilities Services Bulletin 1780-12 Part M(1) requires financial reporting be on an accrual basis for required grant reporting.	No	Finding no longer valid.



Mary Taylor, CPA
Auditor of State

VILLAGE OF METAMORA

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 5, 2009