

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY
Regular Audit
For the Years Ended December 31, 2012 and 2011**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Matamoras
800 Grandview Avenue
Matamoras, Ohio 45767

We have reviewed the *Independent Auditors' Report* of the Village of Matamoras, Washington County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2012. 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.

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 Matamoras is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 17, 2013

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VILLAGE OF MATAMORAS
WASHINGTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

July 24, 2013

Village of Matamoras
Washington County
800 Grandview Avenue
Matamoras, Ohio 45767

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Matamoras**, Washington County, (the Village) as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1B 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012 and 2011, or 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 combined cash balances of the Village of Matamoras, Washington County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2013, 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$ 23,588	\$ -	\$ 23,588
Intergovernmental	31,298	36,340	67,638
Special Assessments	-	2,230	2,230
Fines, Licenses, and Permits	20,167	-	20,167
Earnings on Investments	673	-	673
Miscellaneous	7,115	9,595	16,710
Total Cash Receipts	82,841	48,165	131,006
Cash Disbursements:			
Current:			
Security of Persons and Property	51,415	207	51,622
Public Health Services	1,975	-	1,975
Leisure Time Activities	4,193	-	4,193
Basic Utility Services	10,004	-	10,004
Transportation	-	42,114	42,114
General Government	34,088	-	34,088
Capital Outlay	1,317	-	1,317
Total Cash Disbursements	102,992	42,321	145,313
Net Change in Fund Cash Balances	(20,151)	5,844	(14,307)
Fund Cash Balances, January 1	20,597	79,122	99,719
Fund Cash Balances, December 31			
Restricted	-	84,966	84,966
Unassigned	446	-	446
<i>Fund Cash Balances, December 31</i>	<u>\$ 446</u>	<u>\$ 84,966</u>	<u>\$ 85,412</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 279,055	\$ -	\$ 279,055
Total Operating Cash Receipts	<u>279,055</u>	<u>-</u>	<u>279,055</u>
Operating Cash Disbursements:			
Personal Services	111,991	-	111,991
Employee Fringe Benefits	16,112	-	16,112
Contractual Services	69,820	-	69,820
Supplies and Materials	76,632	-	76,632
Total Operating Cash Disbursements	<u>274,555</u>	<u>-</u>	<u>274,555</u>
Operating Income	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Non-Operating Receipts(Disbursements):			
Special Assessments	5,900	-	5,900
Miscellaneous Receipts	6,687	-	6,687
Principal Retirement	(27,755)	-	(27,755)
Interest and Other Fiscal Charges	(4,705)	-	(4,705)
Other Non-Operating Receipts	-	31,403	31,403
Other Non-Operating Disbursements	-	(30,766)	(30,766)
Total Non-Operating Receipts(Disbursements)	<u>(19,873)</u>	<u>637</u>	<u>(19,236)</u>
Net Change in Fund Cash Balances	(15,373)	637	(14,736)
Fund Cash Balances, January 1	<u>410,081</u>	<u>2,752</u>	<u>412,833</u>
Fund Cash Balances, December 31	<u>\$ 394,708</u>	<u>\$ 3,389</u>	<u>\$ 398,097</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$ 22,638	\$ 3,500	\$ 26,138
Intergovernmental	55,455	43,998	99,453
Special Assessments	-	1,142	1,142
Fines, Licenses, and Permits	6,987	-	6,987
Earnings on Investments	1,023	-	1,023
Miscellaneous	9,937	13,086	23,023
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	96,040	61,726	157,766
Cash Disbursements:			
Current:			
Security of Persons and Property	43,450	339	43,789
Public Health Services	1,989	-	1,989
Leisure Time Activities	9,258	-	9,258
Basic Utility Services	11,941	-	11,941
Transportation	-	45,605	45,605
General Government	46,343	1,799	48,142
Capital Outlay	823	10,825	11,648
Debt Service:			
Principal Retirement	2,749	-	2,749
Interest and Fiscal Charges	141	-	141
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Total Cash Disbursements	116,694	58,568	175,262
Net Change in Fund Cash Balances	(20,654)	3,158	(17,496)
Fund Cash Balances, January 1	41,251	75,964	117,215
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Fund Cash Balances, December 31			
Restricted	-	79,122	79,122
Unassigned	20,597	-	20,597
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<i>Fund Cash Balances, December 31</i>	<u>\$ 20,597</u>	<u>\$ 79,122</u>	<u>\$ 99,719</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 280,873	\$ -	\$ 280,873
Total Operating Cash Receipts	<u>280,873</u>	<u>-</u>	<u>280,873</u>
Operating Cash Disbursements:			
Personal Services	114,603	-	114,603
Employee Fringe Benefits	15,815	-	15,815
Contractual Services	69,496	-	69,496
Supplies and Materials	57,102	-	57,102
Total Operating Cash Disbursements	<u>257,016</u>	<u>-</u>	<u>257,016</u>
Operating Income	<u>23,857</u>	<u>-</u>	<u>23,857</u>
Non-Operating Receipts(Disbursements):			
Intergovernmental	20	-	20
Special Assessments	5,984	-	5,984
Note Proceeds	5,164	-	5,164
Miscellaneous Receipts	472	-	472
Capital Outlay	(106)	-	(106)
Principal Retirement	(27,358)	-	(27,358)
Interest and Other Fiscal Charges	(4,993)	-	(4,993)
Other Non-Operating Receipts	-	14,046	14,046
Other Non-Operating Disbursements	-	(14,005)	(14,005)
Total Non-Operating Receipts(Disbursements)	<u>(20,817)</u>	<u>41</u>	<u>(20,776)</u>
Net Change in Fund Cash Balances	3,040	41	3,081
Fund Cash Balances, January 1 (As Restated - See Note 10)	<u>407,041</u>	<u>2,711</u>	<u>409,752</u>
Fund Cash Balances, December 31	<u>\$ 410,081</u>	<u>\$ 2,752</u>	<u>\$ 412,833</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Matamoras, Washington County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village maintains the Village's roads and bridges and provides water and sewer utilities, park operations and police and fire protection.

The Village participates in the Ohio Plan Risk Management. Note 8 to the financial statements provides additional information for this entity. This organization is:

Ohio Plan Risk Management:

The Village belongs to the Ohio Plan Risk Management (OPRM), a risk-sharing pool available to Ohio local governments. OPRM provides property and casualty coverage for its members.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. Deposits

The Village maintains its funds in an interest-bearing checking account.

D. 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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and recorded in another fund.

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

2. 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 Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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

3. Enterprise Funds

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

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

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

4. Fiduciary Funds

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

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

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and 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.

2. 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.

3. 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 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

In 2011, the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. 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:

1. Nonspendable

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

2. 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.

3. 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 MATAMORAS
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. 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.

5. 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.

G. Property, Plant and Equipment

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

H. 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.

2. EQUITY IN POOLED DEPOSITS

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

	<u>2012</u>	<u>2011</u>
Demand deposits	\$ 483,509	\$ 512,552
Total deposits	<u>\$ 483,509</u>	<u>\$ 512,552</u>

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

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 96,117	\$ 82,841	\$ (13,276)
Special Revenue	54,401	48,165	(6,236)
Enterprise	292,512	291,642	(870)
Total	\$ 443,030	\$ 422,648	\$ (20,382)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 117,649	\$ 102,992	\$ 14,657
Special Revenue	131,433	42,321	89,112
Enterprise	702,659	307,015	395,644
Total	\$ 951,741	\$ 452,328	\$ 499,413

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 103,801	\$ 96,040	\$ (7,761)
Special Revenue	58,636	61,726	3,090
Enterprise	304,679	292,513	(12,166)
Total	\$ 467,116	\$ 450,279	\$ (16,837)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 138,583	\$ 116,694	\$ 21,889
Special Revenue	132,658	58,568	74,090
Enterprise	713,749	289,473	424,276
Total	\$ 984,990	\$ 464,735	\$ 520,255

Contrary to Ohio law, budgetary appropriations exceeded estimated resources in the General Fund for 2012, and in the Enterprise Funds in 2012 and 2011.

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

4. 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.

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. DEBT

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
OPWC - CT70E	\$ 3,505	0.00%
OPWC - CT67B	14,300	2.00%
OPWC - CR27G	209,946	2.00%
OPWC - CTA4M	172,193	0.00%
OWDA - 5660	(7,378)	4.35%
Total	\$ 392,566	

The prior audit ending balances for the first three OPWC loans were incorrect. These loans were shown with total balances of \$250,050 and they were actually \$257,341.

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

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

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

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

OWDA-5660 - The Village opened a loan with Ohio Water Development Authority in 2009. \$128,909 has been encumbered, but only \$5,622 has actually been spent. The amortization schedule is incomplete.

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest but excluding the OWDA loan, is scheduled as follows:

Year ending December 31:	OPWC	OPWC	OPWC	OPWC	Totals
	Loan CT70E	Loan CT67B	Loan CR27G	Loan CTA4M	
2013	\$ 305	\$ 1,516	\$ 17,822	\$ 6,261	\$ 25,904
2014	305	1,516	17,822	6,261	25,904
2015	305	1,516	17,822	6,261	25,904
2016	305	1,516	17,822	6,261	25,904
2017	305	1,516	17,822	6,261	25,904
2018-2022	1,525	7,580	89,110	31,305	129,520
2023-2027	455	759	62,379	31,305	94,898
2028-2032	-	-	-	31,305	31,305
2033-2037	-	-	-	31,305	31,305
2038-2040	-	-	-	15,668	15,668
Total	\$ 3,505	\$ 15,919	\$ 240,599	\$ 172,193	\$ 432,216

6. LEASE

Lease outstanding at December 31, 2012 was as follows:

	Outstanding
Zero-turn Mower Lease	\$ 1,946
Total	\$ 1,946

In March 2010, the Village entered into a lease agreement with John Deere Credit Company for the lease of a zero-turn mower. Payment terms of the agreement are 42 monthly payments of \$216.23. The final payment will be due in September, 2013.

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of police participant wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

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

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

9. CONTINGENT LIABILITIES

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

10. RESTATEMENT OF FUND BALANCES

The following adjustment was to record 2010 Mayor's Court activity not included in the prior year financial statements:

	<u>Agency</u>
December 31, 2010 Balance	\$ 1,293
Adjustment	1,418
January 1, 2011 Balance	<u>\$ 2,711</u>

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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*

July 24, 2013

Village of Matamoras
Washington County
800 Grandview Avenue
Matamoras, OH 45767

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 **Village of Matamoras**, Washington County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated July 24, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits and has adopted Governmental Accounting Standards Board Statement No. 54.

Internal Control over Financial Reporting

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

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 audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2012-001 as described in the accompanying schedule of audit findings to be a material weakness.

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 2012-002 as described in the accompanying schedule of audit 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 determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 24, 2013.

Purpose of this Report

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-001

Material Weakness

Posting Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2012 and 2011, several receipts and disbursements were not posted into accurate classifications based on the source of the receipt or disbursement. The following posting errors were noted:

- Rollback and personal property tax reimbursement receipts were posted as Property and Other Local Taxes instead of Intergovernmental.
- Mayor's Court activity was not recorded in UAN.
- Debt payments were recorded as Operating Disbursements.
- Note proceeds were recorded as Miscellaneous Receipts.
- Revenue from the State was recorded at the wrong percentages.
- Capital Outlay was not recorded.

Not posting revenues and disbursements accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has agreed with and posted the adjustments to the accounting system. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2012-002

Significant Deficiency

Posting Estimated Receipts and Appropriations

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in varying amounts posted to the accounting system and information available to the Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts and appropriations as certified by the County Budget Commission.

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-002 (Continued)

Significant Deficiency (Continued)

Posting Estimated Receipts and Appropriations (Continued)

We recommend the Village implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Posting Receipts and Expenditures	No	Reissued as Finding No. 2012-001.
2010-002	Posting Estimated Revenues and Appropriations	No	Reissued as Finding No. 2012-002.
2010-003	Ohio Rev. Code 733.40 – Mayor’s Court Activity	Yes	N/A



Dave Yost • Auditor of State

VILLAGE OF MATAMORAS

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 7, 2013**