



Dave Yost • Auditor of State

VILLAGE OF METAMORA
FULTON COUNTY

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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 and related notes of the Village of Metamora, Fulton County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013.

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 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 Principle

As described in Note 1 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 requirements.

Although, the effects on the financial statements of the variances between the regulatory basis of 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, 2014 and 2013, 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 Metamora, Fulton County, Ohio, as of December 31, 2014 and 2013, 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(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

July 16, 2015

**VILLAGE OF METAMORA
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$32,027				\$32,027
Municipal Income Tax	261,061				261,061
Intergovernmental	21,002	\$39,360		\$260,902	321,264
Charges for Services	2,796				2,796
Fines, Licenses and Permits	495				495
Earnings on Investments	214	144		210	568
Miscellaneous	10,961				10,961
<i>Total Cash Receipts</i>	<u>328,556</u>	<u>39,504</u>		<u>261,112</u>	<u>629,172</u>
Cash Disbursements					
Current:					
Security of Persons and Property	15,910				15,910
Leisure Time Activities	30,892				30,892
Community Environment	11,424				11,424
Transportation		12,472			12,472
General Government	173,476				173,476
Capital Outlay	21,010	4,011		586,837	611,858
Debt Service:					
Principal Retirement		4,020	\$34,350		38,370
Interest and Fiscal Charges			8,231		8,231
<i>Total Cash Disbursements</i>	<u>252,712</u>	<u>20,503</u>	<u>42,581</u>	<u>586,837</u>	<u>902,633</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>75,844</u>	<u>19,001</u>	<u>(42,581)</u>	<u>(325,725)</u>	<u>(273,461)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	28,465				28,465
Transfers In			41,141	21,475	62,616
Transfers Out	(71,805)	(46,475)			(118,280)
Other Financing Sources			1,440	8,081	9,521
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(43,340)</u>	<u>(46,475)</u>	<u>\$42,581</u>	<u>29,556</u>	<u>(17,678)</u>
<i>Net Change in Fund Cash Balances</i>	32,504	(27,474)		(296,169)	(291,139)
<i>Fund Cash Balances, January 1</i>	<u>170,393</u>	<u>126,462</u>		<u>298,177</u>	<u>595,032</u>
Fund Cash Balances, December 31					
Restricted		98,988		2,008	100,996
Unassigned	202,897				202,897
<i>Fund Cash Balances, December 31</i>	<u>\$202,897</u>	<u>\$98,988</u>		<u>\$2,008</u>	<u>\$303,893</u>

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

**VILLAGE OF METAMORA
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$87,409
Fines, Licenses and Permits	1,314
	88,723
<i>Total Operating Cash Receipts</i>	<i>88,723</i>
Operating Cash Disbursements	
Personal Services	43,969
Employee Fringe Benefits	440
Contractual Services	13,252
Supplies and Materials	6,055
	63,716
<i>Total Operating Cash Disbursements</i>	<i>63,716</i>
<i>Operating Income</i>	<i>25,007</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	117
Miscellaneous Receipts	200
Capital Outlay	(2,857)
Principal Retirement	(40,504)
Interest and Other Fiscal Charges	(40,012)
Other Financing Sources	3,939
	(79,117)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(79,117)</i>
<i>Loss before Transfers</i>	<i>(54,110)</i>
Transfers In	84,379
Transfers Out	(28,715)
	1,554
<i>Net Change in Fund Cash Balances</i>	<i>1,554</i>
<i>Fund Cash Balances, January 1</i>	<i>115,815</i>
<i>Fund Cash Balances, December 31</i>	<i>\$117,369</i>

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

**VILLAGE OF METAMORA
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$30,420			\$30,420
Municipal Income Tax	256,671			256,671
Intergovernmental	22,711	\$39,219	\$67,323	129,253
Charges for Services	3,085			3,085
Fines, Licenses and Permits	1,020	147		1,167
Earnings on Investments	223		25	248
Miscellaneous	29,073			29,073
<i>Total Cash Receipts</i>	<u>343,203</u>	<u>39,366</u>	<u>67,348</u>	<u>449,917</u>
Cash Disbursements				
Current:				
Security of Persons and Property	14,768			14,768
Leisure Time Activities	16,263			16,263
Community Environment	11,744			11,744
Transportation		12,258	4,500	16,758
General Government	182,362			182,362
Capital Outlay	20,551	5,351	129,035	154,937
Debt Service:				
Principal Retirement		4,020		4,020
<i>Total Cash Disbursements</i>	<u>245,688</u>	<u>21,629</u>	<u>133,535</u>	<u>400,852</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>97,515</u>	<u>17,737</u>	<u>(66,187)</u>	<u>49,065</u>
Other Financing Receipts (Disbursements)				
Sale of Bonds			350,000	350,000
Sale of Capital Assets	1,173			1,173
Transfers In			14,364	14,364
Transfers Out	(85,000)	(14,364)		(99,364)
Advances Out	(12,000)			(12,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(95,827)</u>	<u>(14,364)</u>	<u>364,364</u>	<u>254,173</u>
<i>Net Change in Fund Cash Balances</i>	1,688	3,373	298,177	303,238
<i>Fund Cash Balances, January 1</i>	<u>168,705</u>	<u>123,089</u>		<u>291,794</u>
Fund Cash Balances, December 31				
Restricted		126,462	298,177	424,639
Assigned	167,509			167,509
Unassigned	2,884			2,884
<i>Fund Cash Balances, December 31</i>	<u>\$170,393</u>	<u>\$126,462</u>	<u>\$298,177</u>	<u>\$595,032</u>

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

**VILLAGE OF METAMORA
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$89,012
Fines, Licenses and Permits	1,224
Miscellaneous	32
	90,268
<i>Total Operating Cash Receipts</i>	<i>90,268</i>
Operating Cash Disbursements	
Personal Services	30,063
Employee Fringe Benefits	12,762
Contractual Services	21,923
Supplies and Materials	3,523
	68,271
<i>Total Operating Cash Disbursements</i>	<i>68,271</i>
<i>Operating Income</i>	<i>21,997</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	3,939
Earnings on Investments	88
Capital Outlay	(12,335)
Principal Retirement	(77,209)
Interest and Other Fiscal Charges	(44,023)
	(129,540)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(129,540)</i>
<i>Loss before Transfers and Advances</i>	<i>(107,543)</i>
Transfers In	127,572
Transfers Out	(42,572)
Advances In	12,000
	(10,543)
<i>Net Change in Fund Cash Balances</i>	<i>(10,543)</i>
<i>Fund Cash Balances, January 1</i>	<i>126,358</i>
<i>Fund Cash Balances, December 31</i>	<i>\$115,815</i>

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

**VILLAGE OF METAMORA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Metamora Fulton County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, and police services through contracts with the Fulton County Sheriff's department and water from Fulton County Public Utilities.

The Village participates in the Ohio Plan Risk Management, Inc. plan which is a public entity risk pool. Note 8 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.

B. Accounting Basis

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.

C. 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.

STAR Ohio (State Treasurer's investment pool) is recorded at share values reported by the State Treasurer.

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 reported in another fund.

**VILLAGE OF METAMORA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

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 Fund:

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

3. 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.

4. 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.

5. 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.

VILLAGE OF METAMORA
FULTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. **Summary of Significant Accounting Policies – (Continued)**

E. Budgetary Process

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

1. 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. 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 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 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

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 METAMORA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (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 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:

	2014	2013
Demand deposits	\$119,190	\$188,947
Certificates of deposit	172,616	372,494
Total deposits	291,806	561,441
STAR Ohio	129,456	149,406
Total deposits and investments	\$421,262	\$710,847

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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF METAMORA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$300,906	\$357,021	\$56,115
Special Revenue	36,830	39,504	2,674
Debt Service		42,581	42,581
Capital Projects	320,497	290,668	(29,829)
Enterprise	213,081	177,358	(35,723)
Total	\$871,314	\$907,132	\$35,818

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$468,415	\$324,517	\$143,898
Special Revenue	318,125	66,978	251,147
Debt Service	42,581	42,581	
Capital Projects	586,837	586,837	
Enterprise	292,820	175,804	117,016
Total	\$1,708,778	\$1,196,717	\$512,061

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$288,829	\$344,376	\$55,547
Special Revenue	36,830	39,366	2,536
Capital Projects		431,712	431,712
Enterprise	213,081	221,867	8,786
Total	\$538,740	\$1,037,321	\$498,581

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$456,180	\$330,688	\$125,492
Special Revenue	152,826	35,993	116,833
Capital Projects	503,890	133,535	370,355
Enterprise	244,410	244,410	
Total	\$1,357,306	\$744,626	\$612,680

**VILLAGE OF METAMORA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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.

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 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.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority (RITA) 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, 2014 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$319,000	2.25%
OPWC- East Main Street Sewer Separation Loan	6,094	
OPWC- Swanton Street Paving Loan	23,122	
OPWC- Water Treatment Plant Improvements	68,933	
OPWC- Parker Road Improvements	130,650	
United States Department of Agriculture Bonds	939,700	4.125%
Total	\$1,487,499	

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.

**VILLAGE OF METAMORA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Debt – (Continued)

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 \$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.

The Village also paid off an OPWC loan in the amount of \$23,265 in 2014.

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

Year ending December 31:	OPWC Loans	USDA Loan	General Obligation Bonds
2015	\$14,659	\$52,563	\$38,998
2016	14,659	52,693	39,277
2017	14,659	52,595	39,524
2018	14,659	52,577	38,759
2019	14,659	52,633	39,983
2020-2024	62,311	263,108	157,718
2025-2029	53,195	263,062	
2030-2034	39,998	263,252	
2035-2039		263,137	
2040-2044		263,264	
2045-2047		157,993	
Total	<u>\$228,799</u>	<u>\$1,736,877</u>	<u>\$354,259</u>

7. Retirement System

The Village's 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 2014 and 2013, 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, 2014.

**VILLAGE OF METAMORA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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 774 and 783 members as of December 31, 2013 and 2014 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, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</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
DECEMBER 31, 2014 AND 2013
(Continued)**

9. Interfund Transfers

During 2014 the following transfers were made:

	Transfers From			
Transfers To	General	Special Revenue	Enterprise	Total
Debt Service	\$41,141			\$41,141
Capital Projects		\$21,475		21,475
Enterprise	30,664	25,000	\$28,715	84,379
Total	\$71,805	\$46,475	\$28,715	\$146,995

During 2013 the following transfers were made:

	Transfers From			
Transfers To	General	Special Revenue	Enterprise	Total
Capital Projects		\$14,364		\$14,364
Enterprise	\$85,000		\$42,572	127,572
Total	\$85,000	\$14,364	\$42,572	\$141,936

Transfers represent reallocation of General fund monies to Enterprise funds and Debt Service fund in 2014 to make required debt payments. Transfers between the Special Revenue fund and Capital Improvements fund are fund payments to street improvements. Transfers between Enterprise funds were made to meet funding requirements for Debt Service Reserve.

10. Interfund Advance

During 2013, the Village advanced \$12,000 from the General fund to the Sewer fund. This advance has not been repaid of December 31, 2014.

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Dave Yost • Auditor of State

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

Village of 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 Village of Metamora, Fulton County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 16, 2015 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.

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 opinion 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

July 16, 2015

**VILLAGE OF METAMORA
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness – Fund Classification

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed such as encumbrance within the general fund. When appropriation measures are adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource (appropriated for general fund uses or appropriations exceed estimated receipts), then that portion of fund balance should be classified as assigned.

Management was not aware a portion of the general fund should be been designated as assigned for a budgetary resource in the total amount of \$167,509 at December 31, 2013. Adjustments were recorded to the financial statements to classify a portion of the fund balance as assigned. In order to ensure the Village's governmental fund balances are reported in accordance with GASB 54, we recommend the Village review Auditor of State Bulletin 2011-004.

Officials' Response:

In the future the audit bulletin will be used to determine the proper classification of fund balances.

FINDING NUMBER 2014-002

Material Weakness - Budgeted Receipts

The Council sets budgeted amounts at the level they intend to monitor the Village's financial activity, and in amounts they deem able and sufficient to operate the Village. These estimated amounts should agree to amounts posted to the Village's accounting system.

Monitoring controls by management did not detect differences in estimated receipts posted in the Village's accounting system and amounts certified by the County Budget Commission on the amended certificate(s) of estimated resources in the following funds:

**FINDING NUMBER 2014-002
 (Continued)**

<u>Year</u>	<u>Fund</u>	<u>Approved Budgeted Receipts</u>	<u>Posted Budgeted Receipts</u>	<u>Variance</u>
As of December 31, 2013:				
	General Fund	\$ 288,629	\$ 317,829	\$ (29,200)
	Capital Improvement Fund		761,755	(761,755)
As of December 31, 2014:				
	General Fund	300,906	314,682	(13,776)
	Permissive Motor Vehicle License Tax Fund	5,325	2,505	2,820
	Capital Improvement Fund	320,497	291,416	29,081

Failure to ensure that all approved budgeted amounts are adopted into the accounting system does not provide the Council with the information they intended to use to monitor the Village’s financial activity and makes it difficult to adequately determine whether the Village’s actual receipts are sufficient to support appropriated disbursements. The notes to the financial statements were adjusted to reflect the approved receipts amounts.

The Fiscal Officer should file amendments and post the amounts of estimated receipts according to the amended certificate(s) of estimated resources filed with the County Auditor into the Village’s accounting system. As part of the monitoring process, management should periodically compare the posted amounts to the approved amounts to ensure they agree and that actual receipts are sufficient to cover anticipated disbursements.

Officials’ Response:

The Village will make certain that an amended certificate is actually received from the county auditor. In addition, a certificate of mailing will be obtained as proof that the request was sent to the auditor.



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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
AUGUST 4, 2015**