



Dave Yost • Auditor of State



VILLAGE OF MATAMORAS  
WASHINGTON COUNTY  
DECEMBER 31, 2017

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Matamoras, Washington County, Ohio (the Village), as of and for the year ended December 31, 2017.

### ***Management's Responsibility for the Financial Statements***

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

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

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

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

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

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

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

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

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017, or changes in financial position thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Matamoras, Washington County, as of December 31, 2017, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Other Matters***

Our audit was conducted to opine on the financial statements taken as a whole.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

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

August 6, 2018

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**Village of Matamoras***Washington County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2017*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$53,817	\$5,227	\$59,044
Intergovernmental	27,258	31,320	58,578
Special Assessments	0	507	507
Fines, Licenses and Permits	19,176	0	19,176
Earnings on Investments	727	50	777
Miscellaneous	10,255	8,229	18,484
<i>Total Cash Receipts</i>	<u>111,233</u>	<u>45,333</u>	<u>156,566</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	67,464	282	67,746
Leisure Time Activities	32,278	0	32,278
Basic Utility Services	8,785	0	8,785
Transportation	0	31,062	31,062
General Government	37,366	417	37,783
Capital Outlay	1,053	0	1,053
<i>Total Cash Disbursements</i>	<u>146,946</u>	<u>31,761</u>	<u>178,707</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,713)</u>	<u>13,572</u>	<u>(22,141)</u>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	12,000	0	12,000
<i>Total Other Financing Receipts</i>	<u>12,000</u>	<u>0</u>	<u>12,000</u>
<i>Net Change in Fund Cash Balances</i>	(23,713)	13,572	(10,141)
<i>Fund Cash Balances, January 1</i>	<u>246,178</u>	<u>74,583</u>	<u>320,761</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	88,155	88,155
Assigned	45,723	0	45,723
Unassigned (Deficit)	176,742	0	176,742
<i>Fund Cash Balances, December 31</i>	<u>\$222,465</u>	<u>\$88,155</u>	<u>\$310,620</u>

*See accompanying notes to the basic financial statements.*

**Village of Matamoras**

Washington County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2017

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$291,367	\$0	\$291,367
Fines, Licenses and Permits	0	25,554	25,554
Miscellaneous	256	0	256
<i>Total Operating Cash Receipts</i>	<u>291,623</u>	<u>25,554</u>	<u>317,177</u>
<b>Operating Cash Disbursements</b>			
Personal Services	116,146	0	116,146
Employee Fringe Benefits	17,729	0	17,729
Contractual Services	101,303	0	101,303
Supplies and Materials	52,873	0	52,873
Other	0	25,554	25,554
<i>Total Operating Cash Disbursements</i>	<u>288,051</u>	<u>25,554</u>	<u>313,605</u>
<i>Operating Income</i>	<u>3,572</u>	<u>0</u>	<u>3,572</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	1,164,937	0	1,164,937
Special Assessments	5,382	0	5,382
Other Debt Proceeds	364,843	0	364,843
Miscellaneous Receipts	2,321	0	2,321
Capital Outlay	(2,020,583)	0	(2,020,583)
Principal Retirement	(22,732)	0	(22,732)
Interest and Other Fiscal Charges	(26,301)	0	(26,301)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(532,133)</u>	<u>0</u>	<u>(532,133)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(528,561)</u>	<u>0</u>	<u>(528,561)</u>
<i>Fund Cash Balances, January 1</i>	<u>874,403</u>	<u>1,293</u>	<u>875,696</u>
<i>Fund Cash Balances, December 31</i>	<u>\$345,842</u>	<u>\$1,293</u>	<u>\$347,135</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Note 1 - Reporting Entity**

The Village of Matamoras (the Village), Washington County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***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*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

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

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

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

***Fund Balance***

Fund balance is divided into three classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$157,519	\$123,233	(\$34,286)
Special Revenue	43,559	45,333	1,774
Enterprise	3,082,603	1,829,106	(1,253,497)
Total	\$3,283,681	\$1,997,672	(\$1,286,009)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$151,218	\$147,770	\$3,448
Special Revenue	30,807	32,051	(1,244)
Enterprise	3,062,888	2,359,738	703,150
Total	\$3,244,913	\$2,539,559	\$705,354

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**Note 4 - Deposits**

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

	<u>2017</u>
Demand deposits	<u>\$657,755</u>

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

**Note 5 - Taxes**

*Property Taxes*

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

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

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

**Note 6 - Risk Management**

*Commercial Insurance*

The Village has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

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

*Ohio Police and Fire Retirement System*

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 9 - Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OPWC - CT70E	\$1,981	0.00%
OPWC - CT67B	7,862	2.00%
OPWC - CT27G	138,679	2.00%
OPWC - CTA4M	140,885	0.00%
Peoples Savings Roof Loan	11,360	1.625%
USDA Loan	1,902,000	4.00%
Total	\$2,202,767	

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

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

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

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

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**Note 9 - Debt (Continued)**

Peoples Savings Bank Roof Loan – The Village borrowed \$12,100 from Peoples Savings Bank for roof repairs. The term of the loan is 5 years, to be amortized in 60 semi-annual payments of \$222.86 which began on September 1, 2017.

The USDA loan was obtained in 2016 for a water system improvement project. The loan was approved up to \$1,902,000 with the total amount drawn down as of December 31, 2017.

***Amortization***

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

Year ending December 31:	OPWC CT70E	OPWC CT67B	OPWC CR27G	OPWC CTA4M	Peoples Savings	USDA Loan
2018	\$305	\$1,517	\$17,823	\$6,262	\$2,674	\$30,908
2019	305	1,517	17,823	6,262	2,674	67,508
2020	305	1,517	17,823	6,262	2,674	67,413
2021	305	1,517	17,823	6,262	2,674	67,510
2022	305	1,517	17,823	6,262	1,783	67,496
2023-2027	457	759	62,379	31,308	0	337,417
2028-2032	0	0	0	31,308	0	337,404
2033-2037	0	0	0	31,308	0	337,374
2038-2042	0	0	0	15,654	0	337,403
2043-2047	0	0	0	0	0	337,367
2048-2052	0	0	0	0	0	337,424
2053-2057	0	0	0	0	0	269,918
Total	<u>\$1,982</u>	<u>\$8,344</u>	<u>\$151,494</u>	<u>\$140,888</u>	<u>\$12,479</u>	<u>\$2,595,142</u>

**Note 10 - Contingent Liabilities**

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



**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Direct from the U.S. Department of Agriculture</i>			
Water and Waste Program Cluster			
Water and Waste Disposal Systems for Rural Communities - Loan	10.760	N/A	\$855,646
Water and Waste Disposal Systems for Rural Communities - Grant	10.760	N/A	<u>914,937</u>
Total Water and Waste Program Cluster			<u>1,770,583</u>
Total U.S. Department of Agriculture			<u>1,770,583</u>
<b>APPALACHIAN REGIONAL COMMISSION</b>			
<i>Passed Through Governor's Office of Appalachia</i>			
Appalachian Regional Commission	23.001	N/A	<u>250,000</u>
Total Appalachian Regional Commission			<u>250,000</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$2,020,583</u></u></b>

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

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Village of Matamoras (the Village's) under programs of the federal Village for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

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

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

**NOTE C - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Matamoras, Washington County, Ohio (the Village), as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated August 6, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2017-002 and 2017-003 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2017-001.

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

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. 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 report is not suitable for any other purpose.



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

August 6, 2018



# Dave Yost • Auditor of State

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

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

To the Village Council:

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

We have audited the Village of Matamoras, Washington County, Ohio (the Village), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2017. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the Village's major federal program.

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

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

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

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

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

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

In our opinion, the Village complied, in all material respects with the compliance requirements referred to above that could directly and materially affects its major federal program for the year ended December 31, 2017.

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

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

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

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

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



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

August 6, 2018

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
DECEMBER 31, 2017**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, unmodified under the regulatory basis
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR §200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program:</b> <ul style="list-style-type: none"> <li>• CFDA # 10.760 - Water and Waste Disposal Systems for Rural Communities</li> </ul>	
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

VILLAGE OF MATAMORAS  
WASHINGTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017

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

FINDING NUMBER 2017-001

**Noncompliance**

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Ohio Rev. Code § 133.22 allows a subdivision to issue anticipatory securities, § 133.10 allows anticipation securities in anticipation of current property tax revenues, § 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question is issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

The Village signed a promissory note with Peoples Savings Bank that did not meet the requirements of Ohio Rev. Code § 133.20.

Council should only authorize the issuance of general obligation bonds pursuant to Ohio Rev. Code § 133.20.

**Official's Response:** The officials believed the loan terms and rates were more favorable which save the Village money.

FINDING NUMBER 2017-002

**Material Weakness**

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

The Fiscal Officer made certain posting errors resulting in audit adjustments as follows:

- The December 31, 2017 General Fund Balance of \$227,465 was improperly classified as restricted rather than classifying \$45,723 as assigned and the remaining \$176,742 as unassigned.
- All of the Mayor's Court activity was accounted for in the General Fund. An adjustment to move that activity to the Mayor's Court Agency Fund was proposed as well as to account for all disbursements to the State, Marietta Municipal Court and the Village's General Fund as expended in the Mayor's Court Agency Fund.
- Certain receipts and disbursements were not posted to the system in the General Fund which included property taxes in the amount of \$1,138, miscellaneous receipts in the amount of \$137, debt proceeds in the amount of \$12,000 and Security of Persons and Property disbursements in the amount of \$137.
- Road Fund Receipts received from the County were incorrectly classified resulting in a decrease in Fines, Licenses, and Permits receipts and an increase in Intergovernmental receipts of \$1,899 in the Street Construction Maintenance and Repair Fund.



VILLAGE OF MATAMORAS  
WASHINGTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017  
(Continued)

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

FINDING NUMBER 2017-002 (Continued)

Material Weakness (Continued)

- Road Fund Receipts received from the County were incorrectly classified resulting in a decrease in Fines, Licenses, and Permits receipts and increase in Intergovernmental receipts in the amount of \$2,935 in the State Highway Fund.
- Road Fund Receipts received from the County were incorrectly allocated between the Street Construction Maintenance and Repair Fund and the State Highway Fund, resulting in an increase in Intergovernmental receipts of \$2,572 in the Street Construction Maintenance and Repair Fund and a decrease in Intergovernmental receipts of \$2,572 in the State Highway Fund.
- Certain receipts and disbursements were not recorded in the financial records in 2017, resulting in a Fund balance adjustment to the Street Construction and Maintenance Repair Fund, which was an increase of \$47 in Miscellaneous Receipts.
- Water System Improvements received from the USDA were incorrectly classified resulting in a decrease in Non-Operating Miscellaneous Receipts of \$1,518,295, an increase in Intergovernmental of \$1,153,452, and an increase in Other Debt Proceeds of \$364,843 in the Water Utility Operation and Maintenance Fund.
- Water System Improvements received from the USDA were incorrectly classified resulting in a decrease in Miscellaneous Receipts and increase in Intergovernmental of \$11,485 in the Water Utility Operation and Maintenance Fund.
- Water System Improvement expenditures were incorrectly classified as an operating line item instead of non-operating, resulting in an increase of \$2,020,583 in Capital Outlay expenditures and a decrease of \$2,020,583 in Contractual Services expenditures in the Water Utility Operation and Maintenance Fund.
- Debt payments paid to the OPWC were incorrectly classified resulting in a decrease in Contractual Services expenditures of \$6,262, an increase in Principal Retirement of \$5,495, and an increase in Interest and Other Fiscal Charges of \$767 in the Water Utility Operation and Maintenance Fund.
- Debt payments paid to the OPWC were incorrectly classified resulting in a decrease in Contractual Services expenditures of \$19,644, an increase in Principal Retirement of \$17,237, and an increase in Interest and Other Fiscal Charges of \$2,407 in the Sewer Utility Operation and Maintenance Fund.
- Certain receipts and disbursements were not recorded in the financial records in 2017, resulting in fund balance adjustments to the Water Utility Operation and Maintenance Fund including a decrease in Charges for Services of \$123, an increase in Miscellaneous Receipts of \$128, an increase in Personal Services disbursements of \$225, and an increase in Interest and Other Fiscal Charges of \$23,127.
- Certain receipts and disbursements were not recorded in the financial records in 2017, resulting in fund balance adjustments to the Sewer Utility Operation and Maintenance Fund including a decrease in Charges for Services expenditures of \$105, an increase in Miscellaneous Receipts of \$128, and an increase in Contractual Services disbursements of \$36.
- Certain receipts and disbursements were not recorded in the financial records in 2017, resulting in a fund balance adjustment to the Fire Hydrant Replacement Fund, including a decrease in Special Assessments receipts of \$4.
- Certain receipts and disbursements were not recorded in the financial records in 2017, resulting in post fund balance adjustments to the Swimming Pool Fund including an increase in Charges for Services expenditures of \$115 and an increase in Miscellaneous Receipts of \$33.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017  
(Continued)**

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

**FINDING NUMBER 2017-002  
(Continued)**

**Material Weakness (Continued)**

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Fiscal Officer should review the audit adjustments and Auditor of State Bulletin 2011-004 for guidance on the correct line items to post various receipts and expenditures as well as fund balance classifications of the Village in future audit periods.

**Official's Response:** The Fiscal Officer will continue to correct these items and consult the Village Handbook to ensure proper posting going forward.

**FINDING NUMBER 2017-003**

**Material Weakness**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2017, appropriations as approved by the Council did not agree to the Village's ledgers as follows:

Fund	Appropriations, as Approved	Appropriations, as Posted	Posted over(under) Approved
General	\$150,824	\$173,278	\$22,454
Street Construction and Maintenance	26,800	28,613	1,813
State Highway	2,345	2,648	303
Sewer Utility Operation and Maintenance	155,625	160,625	5,000
	\$335,594	\$365,164	\$29,570

The Fiscal Officer should post appropriations, as approved by Council, to the accounting system. This will help ensure more useful comparisons of budget vs. actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**Official's Response:** The Fiscal Officer will correct going forward.

*Village of Matamoras*  
*PO Box 536*  
*New Matamoras, OH 45767*  
*740 865 2124*

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Noncompliance with Ohio Rev. Code Chapter 5705.41(D)(1) for not properly encumbering contracts.	Corrected.	N/A
2016-002	Material Weakness for material misposting requiring financial statement adjustment.	Not Corrected.	The Fiscal Officer will continue to correct these items and consult the Village Handbook to ensure proper posting going forward.
2016-003	Material Weakness for appropriations and estimated receipts as approved not agreeing to the system.	Not Corrected.	The Fiscal Officer will correct going forward.

*Village of Matamoras*  
*PO Box 536*  
*New Matamoras, OH 45767*  
*740 865 2124*

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**CORRECTIVE ACTION PLAN**  
**2 CFR PART 200.511(c)**  
**December 31, 2017**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2017-001	The officials believed the loan terms and rates were more favorable which save the Village money.	Immediately	Carol Danver
2017-002	The Fiscal Officer will continue to correct these items and consult the Village Handbook to ensure proper posting going forward.	Immediately	Carol Danver
2017-003	The Fiscal Officer will correct going forward.	Immediately	Carol Danver



# Dave Yost • Auditor of State

VILLAGE OF MATAMORAS

WASHINGTON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST, 28 2018