

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004-2003**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Matamoras  
Matamoras, Ohio

We have reviewed the *Independent Accountants' Report* of the Village of Matamoras, Washington County, prepared by Knox & Knox CPAs, for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 16, 2005

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**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

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# KNOX & KNOX

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Accountants and Consultants

## Independent Accountants' Report

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

To the Members of Village Council:

We have audited the accompanying financial statements of the Village of Matamoras, Washington County, Ohio, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements, which are presented in a format prescribed or permitted by the Auditor of the State of Ohio, are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of the State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Matamoras, Washington County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

KNOX & KNOX

Orrville, Ohio  
November 8, 2005



**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Governmental Funds</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 22,319	\$ 14,208	\$ 36,527
Intergovernmental	59,048	26,873	85,921
Charges for Services		200	200
Fines, Licenses and Permits	2,179	5,246	7,425
Miscellaneous	<u>11,159</u>	<u>1,076</u>	<u>12,235</u>
Total Cash Receipts	<u>94,705</u>	<u>47,603</u>	<u>142,308</u>
<b>Cash Disbursements:</b>			
Security of Persons and Property	41,179	5,549	46,728
Transportation		34,375	34,375
General Government	39,646	2,200	41,846
Capital Outlay	4,003		4,003
Debt Service	<u>1,154</u>	<u>          </u>	<u>1,154</u>
Total Cash Disbursements	<u>85,982</u>	<u>42,124</u>	<u>128,106</u>
Total Receipts Over/(Under) Cash Disbursements	<u>8,723</u>	<u>5,479</u>	<u>14,202</u>
Fund Cash Balances, January 1, 2004	<u>64,180</u>	<u>19,852</u>	<u>84,032</u>
<b>Fund Cash Balances, December 31, 2004</b>	<b><u>\$ 72,903</u></b>	<b><u>\$ 25,331</u></b>	<b><u>\$ 98,234</u></b>
Reserves for Encumbrances, December 31, 2004	<u>\$ 2,115</u>	<u>\$ 247</u>	<u>\$ 2,362</u>

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

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Total (Memorandum Only) <u>Only</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$223,552	\$	\$223,552
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total Operating Cash Receipts	223,552		223,552
<b>Operating Cash Disbursements:</b>			
Personal Services	92,084		92,084
Contractual Services	51,070		51,070
Supplies and Materials	88,347		88,347
Capital Outlay	<u>78,808</u>	<u>          </u>	<u>78,808</u>
Total Operating Cash Disbursements	<u>310,309</u>	<u>          </u>	<u>310,309</u>
Operating Income/(Loss)	<u>&lt;86,757&gt;</u>	<u>          </u>	<u>&lt;86,757&gt;</u>
<b>Non-Operating Cash Receipts</b>			
Other Operating Revenue	58,356	1,062	59,418
Proceeds of Note	<u>6,095</u>	<u>          </u>	<u>6,095</u>
Total Non-Operating Cash Receipts	64,451	1,062	65,513
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	1,669		1,669
Other Non-Operating Expenses	<u>6,274</u>	<u>1,062</u>	<u>7,336</u>
Total Non-Operating Cash Disbursements	<u>7,943</u>	<u>1,062</u>	<u>9,005</u>
Excess of Non-Operating Receipts Over(Under) Non-Operating Disbursements	<u>56,508</u>	<u>          </u>	<u>56,508</u>
Net Receipts Over/(Under) Disbursements	<30,249>		<30,249>
Fund Cash Balances, January 1, 2004	<u>372,901</u>	<u>1,308</u>	<u>374,209</u>
<b>Fund Cash Balances, December 31, 2004</b>	<u>\$342,652</u>	<u>\$ 1,308</u>	<u>\$343,960</u>
Reserves for Encumbrances, December 31, 2004	<u>\$ 1,461</u>	<u>\$</u>	<u>\$ 1,461</u>

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

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Governmental Funds</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 20,318	\$ 5,673	\$ 25,991
Intergovernmental	51,551	17,515	69,066
Fines, Licenses and Permits	10,826	4,801	15,627
Miscellaneous	<u>18,701</u>	<u>2,689</u>	<u>21,390</u>
 Total Cash Receipts	 <u>101,396</u>	 <u>30,678</u>	 <u>132,074</u>
<b>Cash Disbursements:</b>			
Security of Persons and Property	52,771	14,200	66,971
Transportation		25,561	25,561
General Government	42,089		42,089
Capital Outlay	6,700		6,700
Debt Service	<u>1,132</u>	<u>          </u>	<u>1,132</u>
 Total Cash Disbursements	 <u>102,692</u>	 <u>39,761</u>	 <u>142,453</u>
 Total Receipts Over/(Under) Cash Disbursements	 <u>&lt;1,296&gt;</u>	 <u>&lt;9,083&gt;</u>	 <u>&lt;10,379&gt;</u>
 Fund Cash Balances, January 1, 2003	 <u>64,520</u>	 <u>28,893</u>	 <u>93,413</u>
 <b>Fund Cash Balances, December 31, 2003</b>	 <b><u>\$ 63,224</u></b>	 <b><u>\$ 19,810</u></b>	 <b><u>\$ 83,034</u></b>
 Reserves for Encumbrances, December 31, 2003	 <b><u>\$ 218</u></b>	 <b><u>\$</u></b>	 <b><u>\$ 218</u></b>

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

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Total (Memorandum Only) <u>Only</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$258,297	\$	\$258,297
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total Operating Cash Receipts	258,297		258,297
 <b>Operating Cash Disbursements:</b>			
Personal Services	77,102		77,102
Contractual Services	35,298		35,298
Supplies and Materials	61,895		61,895
Capital Outlay	<u>38,550</u>	<u>          </u>	<u>38,550</u>
Total Operating Cash Disbursements	<u>212,845</u>	<u>          </u>	<u>212,845</u>
Operating Income/(Loss)	<u>45,452</u>	<u>          </u>	<u>45,452</u>
 <b>Non-Operating Cash Receipts</b>			
Other Non-Operating Receipts	<u>23,956</u>	<u>15,935</u>	<u>39,891</u>
Total Non-Operating Cash Receipts	23,956	15,935	39,891
 <b>Non-Operating Cash Disbursements:</b>			
Debt Service	1,517		1,517
Other Non-Operating Cash Disbursements	<u>          </u>	<u>15,935</u>	<u>15,935</u>
Total Non-Operating Cash Disbursements	<u>1,517</u>	<u>15,935</u>	<u>17,452</u>
Excess of Non-Operating Receipts Over(Under) Non-Operating Disbursements	<u>22,439</u>	<u>          </u>	<u>22,439</u>
Net Receipts Over/(Under) Disbursements	67,891		67,891
Fund Cash Balances, January 1, 2003	<u>292,461</u>	<u>1,308</u>	<u>293,769</u>
<b>Fund Cash Balances, December 31, 2003</b>	<u><b>\$360,352</b></u>	<u><b>\$ 1,308</b></u>	<u><b>\$361,660</b></u>
Reserves for Encumbrances, December 31, 2003	<u>\$ 51</u>	<u>\$</u>	<u>\$ 51</u>

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

VILLAGE OF MATAMORAS  
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Matamoras, Washington County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services, including water and sewer utilities, maintenance of Village roads and bridges (public works), and police and fire protection (public safety).

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest earned is recognized and recorded when received.

D. Fund Accounting

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

**General Fund**

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

**Special Revenue Funds**

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

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

*Fire Fund* - This fund receives money from a contract with Grandview Township to provide fire protection to the residents of that township.

VILLAGE OF MATAMORAS  
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

**Special Revenue Funds (Continued)**

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

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

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

*Fiduciary (Agency) Fund* - Financial accountability for the Mayor's Court is that of an agent, acting in a fiduciary capacity for others. The court has no equity or ownership over the monies it controls. By virtue of Ohio law, the monies collected are distributed within a specified period of time to specific recipients. The records are kept on a cash basis.

E. Budgetary Process

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

**Appropriations**

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

**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.

VILLAGE OF MATAMORAS  
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

**Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2004</u>	<u>2003</u>
Demand Deposits	\$442,194	\$444,694

**Deposits:** Deposits are (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$112,264	\$ 94,705	\$<17,559>
Special Revenue	47,200	47,603	403
Enterprise	213,351	288,003	74,652
Fiduciary	<u>1,062</u>	<u>1,062</u>	
Total	<u>\$373,877</u>	<u>\$431,373</u>	<u>\$ 57,496</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$132,568	\$ 88,097	\$ 44,471
Special Revenue	66,526	42,371	24,155
Enterprise	415,225	319,713	95,512
Fiduciary	<u>1,062</u>	<u>1,062</u>	
Total	<u>\$615,381</u>	<u>\$451,243</u>	<u>\$164,138</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,105	\$101,396	\$<19,709>
Special Revenue	42,656	30,678	<11,978>
Enterprise	222,597	282,253	59,656
Fiduciary	<u>15,935</u>	<u>15,935</u>	
Total	<u>\$402,293</u>	<u>\$430,262</u>	<u>\$ 27,969</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,382	\$102,910	\$ 27,472
Special Revenue	57,301	39,761	17,540
Enterprise	349,420	214,413	135,007
Fiduciary	<u>15,935</u>	<u>15,935</u>	
Total	<u>\$553,038</u>	<u>\$373,019</u>	<u>\$180,019</u>



**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$ 6,095	0.00%
Ohio Public Works Commission	22,491	2.00%
General Obligation Note	1,975	5.00%

The Village borrowed \$6,095 from the Ohio Public Works Commission 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, beginning July 1, 2004.

The Village borrowed \$24,900 from the Ohio Public Works Commission for the replacement of Collins Run and Riverfront lift stations. The term of the loan is 20 years, to be amortized in 40 semi-annual payments of \$758, beginning on July 1, 2003.

The Village borrowed \$5,000 from a commercial bank to purchase cameras for police cars. The term of the general obligation note is 5 years, to be amortized in 60 monthly payments of \$94, beginning on December 9, 2001.

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

Year ending December 31	Ohio Public Works <u>Commission</u>	Ohio Public Works <u>Commission</u>	General Obligation <u>Note</u>
2005	\$ 304	\$ 1,517	\$1,132
2006	304	1,517	1,038
2007	304	1,517	
2008	304	1,517	
2009	304	1,517	
Subsequent Years	<u>4,575</u>	<u>19,716</u>	_____
	<u>\$6,095</u>	<u>\$27,301</u>	<u>\$2,170</u>

**VILLAGE OF MATAMORAS  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. RETIREMENT SYSTEM**

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**7. RISK MANAGEMENT**

The Village maintains insurance coverage with private carriers for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Matamoras, Washington County, Ohio (the Village), as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated November 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village, in a separate letter date November 8, 2005.

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

*KNOX & KNOX*

Orrville, Ohio  
November 8, 2005





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Betty Montgomery**

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**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  
DECEMBER 30, 2005**