

**VILLAGE OF MATAMORAS
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005



Mary Taylor, CPA

Auditor of State

Village Council
Village of Matamoras
800 Grandview Avenue
P.O. Box 536
Matamoras, Ohio 45767

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, 2005 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 21, 2008

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VILLAGE OF MATAMORAS
WASHINGTON COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

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, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our 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 obtain reasonable assurance about 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, if any, 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 described more fully in Note 1, the Village has prepared its 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 years ended December 31, 2006 and 2005. In addition to the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements. 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 GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 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, 2006 and 2005, or its changes in financial position and cash flows for the years 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, 2006 and 2005, 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 Village 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 August 6, 2007, 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 do not opine on the internal control over financial reporting or on compliance, that reports 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 considering the results of our audit.

Knox & Knox

Orrville, Ohio
August 6, 2007

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, 2006

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:			
Local Taxes	\$23,090		\$23,090
Intergovernmental Receipts	44,713	\$29,303	74,016
Special Assessments		1,618	1,618
Licenses, Permits, and Fees	15,622	4,511	20,133
Earnings on Investments	1,872		1,872
Miscellaneous	13,700		13,700
Total Cash Receipts	<u>98,997</u>	<u>35,432</u>	<u>134,429</u>
CASH DISBURSEMENTS:			
Current:			
Security of Persons & Property	60,224	449	60,673
Leisure Time Activities	6,718	687	7,405
Transportation		22,751	22,751
General Government	41,191	730	41,921
Capital Outlay	3,850		3,850
Debt Service:	1,038		1,038
Total Cash Disbursements	<u>113,021</u>	<u>24,617</u>	<u>137,638</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(14,024)	10,815	(3,209)
Fund Cash Balances, January 1	<u>72,645</u>	<u>32,659</u>	<u>105,304</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$58,621</u></u>	<u><u>\$43,474</u></u>	<u><u>\$102,09</u></u>
Reserves for Encumbrances, December 31	<u><u>\$424</u></u>	<u><u></u></u>	<u><u>\$424</u></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, 2006

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)
OPERATING CASH RECEIPTS:			
Charges for Services	\$240,195		\$240,195
Total Operating Cash Receipts	240,195		240,195
OPERATING CASH DISBURSEMENTS:			
Personal Services	94,038		94,038
Fringe Benefits	14,465		14,465
Contractual Services	64,975		64,975
Supplies and Materials	72,466		72,466
Other	161		161
Total Operating Cash Disbursements	246,105		246,105
Operating Income/(Loss)	(5,910)		(5,910)
NON-OPERATING CASH RECEIPTS:			
Intergovernmental	12,500		12,500
Other Non-Operating Receipts		\$25,318	25,318
Special Assessments	10,346		10,346
Total Non-Operating Cash Receipts	22,846	25,318	48,164
NON-OPERATING CASH DISBURSEMENTS:			
Debt Service	1,821		1,821
Other Non-Operating Expenses		25,333	25,333
Total Non-Operating Cash Disbursements	1,821	25,333	27,154
Net Receipts Over Disbursements	15,115	(15)	15,100
Fund Cash Balances, January 1	294,316	1,308	295,624
FUND CASH BALANCES DECEMBER 31	\$309,431	\$1,293	\$310,724
Reserves for Encumbrances, December 31	\$66		\$66

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, 2005

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:			
Local Taxes	\$21,365		\$21,365
Intergovernmental	51,395	\$85,290	136,685
Special Assessments		\$980	980
Fines, Licenses, and Permits	9,629	5,589	15,218
Earnings on Investments	1,562		1,562
Miscellaneous	11,548	3,229	14,777
	<u>95,499</u>	<u>95,088</u>	<u>190,587</u>
CASH DISBURSEMENTS:			
Current:			
Security of Persons and Property	45,565	4,221	49,786
Leisure Time Activities	2,638	3,497	6,135
Transportation		22,154	22,154
General Government	39,319	1,231	40,550
Capital Outlay	7,103	56,657	63,760
Debt Service	1,132		1,132
	<u>95,757</u>	<u>87,760</u>	<u>183,517</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(258)	7,328	7,070
Fund Cash Balances, January 1	<u>72,903</u>	<u>25,331</u>	<u>98,234</u>
FUND CASH BALANCES DECEMBER 31	<u><u>\$72,645</u></u>	<u><u>\$32,659</u></u>	<u><u>\$105,304</u></u>
Reserves for Encumbrances, December 31	<u><u>\$424</u></u>	<u><u></u></u>	<u><u>\$424</u></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, 2005

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Totals (Memorandum Only) <u>Only</u>
OPERATING CASH RECEIPTS:			
Charges for Services	\$231,512		\$231,512
Total Operating Cash Receipts	<u>231,512</u>		<u>231,512</u>
OPERATING CASH DISBURSEMENTS:			
Personal Services	94,004		94004
Fringe Benefits	15,884		15884
Contractual Services	75,264		75264
Supplies and Materials	101,319		101319
Other	2,336		2336
Total Operating Cash Disbursements	<u>288,807</u>		<u>288,807</u>
Operating Income/(Loss)	<u>(57,295)</u>		<u>(57,295)</u>
NON-OPERATING CASH RECEIPTS:			
Intergovernmental	56,662		56,662
Other Non-Operating Receipts		\$15,662	15,662
Special Assessments	11,691		11,691
Total Non-Operating Cash Receipts	<u>68,353</u>	<u>15,662</u>	<u>84,015</u>
NON-OPERATING CASH DISBURSEMENTS:			
Debt Service	1,821		1,821
Capital Outlay	57,573		57,573
Other Non-Operating Expenses		15,662	15,662
Total Non-Operating Cash Disbursements	<u>59,394</u>	<u>15,662</u>	<u>75,056</u>
Net Receipts Over Disbursements	(48,336)		(48,336)
Fund Cash Balances, January 1	<u>342,652</u>	<u>1,308</u>	<u>343,960</u>
FUND CASH BALANCES DECEMBER 31	<u>\$294,316</u>	<u>\$1,308</u>	<u>\$295,624</u>
Reserves for Encumbrances, December 31	<u>\$66</u>		<u>\$66</u>

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

VILLAGE OF MATAMORAS
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Description of the Entity

The Village of Matamoras, Washington County, (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 governmental services, including water and sewer utilities, maintenance of Village streets and bridges, and police and fire protection.

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

C. 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 and investments that are restricted as to use. The Village classifies its funds into the following types:

1. 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.

2. 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.

VILLAGE OF MATAMORAS
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

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

3. Proprietary Funds

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 Fund:

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.

4. Fiduciary Fund

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.

1. Appropriations

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

2. Estimated Resources

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

VILLAGE OF MATAMORAS
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. However, the Village had no material encumbrances outstanding at December 31, 2006 and December 31, 2005.

A summary of 2006 and 2005 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:

	2006	2005
Demand deposits	<u>\$412,819</u>	<u>\$400,928</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

Fund Type	2006 Budgeted vs. Actual Receipts		
	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$99,884	\$98,997	(\$887)
Special Revenue	29,008	35,432	6,424
Enterprise	272,171	263,041	(9,130)
Total	\$401,063	\$397,470	(\$3,593)

VILLAGE OF MATAMORAS
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

3. BUDGETARY ACTIVITY (continued)

Fund Type	2006 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$126,114	\$113,445	\$12,669
Special Revenue	28,650	24,617	4,033
Enterprise	443,516	247,992	195,524
Total	<u>\$598,280</u>	<u>\$386,054</u>	<u>\$212,226</u>

Fund Type	2005 Budgeted vs. Actual Receipts		
	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$93,742	\$95,499	\$1,757
Special Revenue	28,955	95,088	66,133
Enterprise	241,100	299,865	58,765
Total	<u>\$363,797</u>	<u>\$490,452</u>	<u>\$126,655</u>

Fund Type	2005 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$123,415	\$96,181	27,234
Special Revenue	100,446	87,760	12,686
Enterprise	473,270	348,267	125,003
Total	<u>\$697,131</u>	<u>\$532,208</u>	<u>\$164,923</u>

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 for 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 owner, 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.

VILLAGE OF MATAMORAS
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

5. DEBT

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission (A)	\$5,487	0.00%
Ohio Public Works Commission (B)	20,339	2.00%
Total	\$25,826	

The Village borrowed \$6,095 from the Ohio Public Works Commission (A) 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 on July 1, 2004.

The Village borrowed \$24,900 from the Ohio Public Works Commission (B) 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 July 1, 2003.

Amortization of the above debt is scheduled as follows:

	Ohio Public Works Commission (A)		
	Principal	Interest	Total
Year ending December 31:			
2007	\$304		\$304
2008	304		304
2009	304		304
2010	304		304
2011	304		304
2012-2016	1,520		1,520
2017-2021	1,520		1,520
2022-2024	927		927
	\$5,487		\$5,487

	Ohio Public Works Commission (B)		
	Principal	Interest	Total
Year ending December 31:			
2007	\$ 1,110	\$ 407	\$ 1,517
2008	1,127	390	1,517
2009	1,144	373	1,517
2010	1,161	356	1,517
2011	1,178	339	1,517
2012-2016	6,532	1,053	7,585
2017-2021	6,617	968	7,585
2022-2024	1,470	42	1,512
	\$20,339	\$3,928	\$24,267

VILLAGE OF MATAMORAS
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds. (PFDPF) Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). PFDPF and OPERS are cost-sharing, multiple-employer plan. The plans provides retirement benefits, including post-retirement 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 2006 and 2005, members of PFDPF contributed 10% of their wages to PFDPF. The Village contributed an amount equal to 19.5% of their wages. OPERS members contributed 9.0% and 8.5% of their gross salaries, respectively. The Village contributed an amount equal to 13.7% (2006) and 13.55% (2005) of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

General liability and casualty
Public officials' liability
Vehicles
Property

8. CONTINGENT LIABILITIES

Amount grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

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KNOX & KNOX

Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
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, 2006 and 2005, and have issued our report thereon dated August 6, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Village's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted other matters that we reported to the Village's management in a separate letter dated August 6, 2007.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic 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, providing an opinion 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 that we must report under *Government Auditing Standards* .

We intend this report solely for the information and use of the audit committee, management and Village Council. We intend it for no one other than these specified parties.

KNOX & KNOX

Orrville, Ohio
August 6, 2007



Mary Taylor, CPA
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
MARCH 6, 2008**