



Dave Yost • Auditor of State

VILLAGE OF METAMORA
FULTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Metamora
Fulton County
114 East Main Street
P.O. Box 299
Metamora, Ohio 43540-0299

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Metamora, Fulton County, Ohio, (the Village) as of and for the years ended December 31, 2016 and 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such 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 Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification* 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, 2016 and 2015, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Additional Opinion Qualification

Park Fund Charges for Services revenue are reported at \$10,056, and \$10,846 for the years ended December 31, 2016 and 2015, respectively, which are 21 percent of Special Revenue Fund receipts for the year ended December 31, 2016, and 22 percent of Special Revenue Fund receipts for the year ended December 31, 2015. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, 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 Metamora, Fulton County, Ohio as of December 31, 2016 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, 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.

Village of Metamora
Fulton County
Independent Auditor's Report
Page 3

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

Dave Yost
Auditor of State

Columbus, Ohio

October 31, 2017

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VILLAGE OF METAMORA
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$28,365				\$28,365
Municipal Income Tax	265,561				265,561
Intergovernmental	29,455	\$38,103			67,558
Charges for Services	1,698	10,056			11,754
Fines, Licenses and Permits	785				785
Earnings on Investments	976	510			1,486
Miscellaneous	6,783				6,783
<i>Total Cash Receipts</i>	<u>333,623</u>	<u>48,669</u>			<u>382,292</u>
Cash Disbursements					
Current:					
Security of Persons and Property	12,936				12,936
Leisure Time Activities	18,770	4,481			23,251
Community Environment	4,635				4,635
Transportation		5,790			5,790
General Government	168,010				168,010
Capital Outlay	71,143	6,842		\$1,600	79,585
Debt Service:					
Principal Retirement		4,020	\$39,700		43,720
Interest and Fiscal Charges			6,278		6,278
<i>Total Cash Disbursements</i>	<u>275,494</u>	<u>21,133</u>	<u>45,978</u>	<u>1,600</u>	<u>344,205</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>58,129</u>	<u>27,536</u>	<u>(45,978)</u>	<u>(1,600)</u>	<u>38,087</u>
Other Financing Receipts (Disbursements)					
Transfers In			43,097		43,097
Transfers Out	(58,097)	(25,000)			(83,097)
Other Financing Sources			2,881		2,881
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(58,097)</u>	<u>(25,000)</u>	<u>\$45,978</u>		<u>(37,119)</u>
<i>Net Change in Fund Cash Balances</i>	32	2,536		(1,600)	968
<i>Fund Cash Balances, January 1</i>	<u>215,512</u>	<u>85,647</u>		<u>2,008</u>	<u>303,167</u>
Fund Cash Balances, December 31					
Restricted		88,183		408	88,591
Assigned	18,016				18,016
Unassigned	197,528				197,528
<i>Fund Cash Balances, December 31</i>	<u>\$215,544</u>	<u>\$88,183</u>		<u>\$408</u>	<u>\$304,135</u>

See accompanying notes to the basic financial statements

VILLAGE OF METAMORA
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$108,428
Fines, Licenses and Permits	1,665
<i>Total Operating Cash Receipts</i>	110,093
Operating Cash Disbursements	
Personal Services	31,102
Employee Fringe Benefits	584
Contractual Services	20,392
Supplies and Materials	1,573
<i>Total Operating Cash Disbursements</i>	53,651
<i>Operating Income</i>	56,442
Non-Operating Receipts (Disbursements)	
Earnings on Investments	382
Sale of Bonds	502,600
Principal Retirement	(521,039)
Interest and Other Fiscal Charges	(49,724)
Other Financing Sources	3,939
Other Financing Uses	(540)
<i>Total Non-Operating Receipts (Disbursements)</i>	(64,382)
<i>Loss before Transfers</i>	(7,940)
Transfers In	52,650
Transfers Out	(12,650)
<i>Net Change in Fund Cash Balances</i>	32,060
<i>Fund Cash Balances, January 1</i>	112,905
<i>Fund Cash Balances, December 31</i>	\$144,965

See accompanying notes to the basic financial statements

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Metamora (the Village), Fulton County, Ohio 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 sewer utilities, park operations and police services through contracts with the Fulton County Sheriff's department and water from Fulton County Public Utilities.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management, Inc. plan and the Ohio Municipal League Group Rating Plan public entity pools. Notes 7 and 11 to the financial statements provide additional information for this entity.

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

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.

Porter Memorial Fund - This fund receives donations and fundraiser revenue to benefit the Village's park.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Service Fund – This fund received transferred monies to pay off the state improvement bonds.

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Improvement Fund - This fund receives grant funds to construct street improvements.

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

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

Enterprise Debt Service Fund - This fund is used to accumulate resources for the payment of bonds and note indebtedness incurred for sewer improvement.

Basis of Accounting

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

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

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 appropriation measures and subsequent amendments. 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.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

A summary of 2016 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.

The Village values STAR Ohio at cost.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Fund Balance

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

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

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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$301,204	\$333,623	\$32,419
Special Revenue	48,100	48,669	569
Debt Service	45,978	45,978	
Enterprise	650,832	669,664	18,832
Total	\$1,046,114	\$1,097,934	\$51,820

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$406,142	\$333,591	\$72,551
Special Revenue	97,612	46,133	51,479
Debt Service	45,978	45,978	
Capital Projects	2,008	1,600	408
Enterprise	658,787	637,604	21,183
Total	\$1,210,527	\$1,064,906	\$145,621

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 4 – Deposits and Investments

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

	2015
Demand deposits	\$144,539
Certificates of deposit	174,346
Total deposits	318,885
STAR Ohio	130,215
Total deposits and investments	\$449,100

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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.

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority (RITA), as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 6 – Interfund Transfers

During the year, the following transfers in and out occurred:

Fund	Transfer In	Transfers Out
General		\$58,097
Special Revenue		25,000
Debt Service Fund	\$43,097	
Enterprise	52,650	12,650
Total	\$95,747	\$95,747

General Fund transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

The transfers from the Special Revenue to the Debt Service Fund are to fund the debt payments for street improvements.

Enterprise Fund transfers were made to meet funding required for Debt Service.

Note 7 - Risk Management

Ohio Plan Risk Management, Inc.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 2016.

Social Security

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 9 - 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 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$254,000	2.25%
OPWC - East Main Street Sewer Separation Loan	4,660	
OPWC - Swanton Street Paving Loan	16,516	
OPWC - Water Treatment Plant Improvements	61,055	
OPWC - Parker Road Improvements	117,250	
Sanitary Sewer System Refunding Bonds	502,600	3.00%
United States Department of Agriculture Bonds	408,800	4.125%
Total	\$1,364,881	

The General Obligation bonds issued by the Village are for street improvements. The bonds will be paid back in varying amounts over 10 years. The Village levied a tax sufficient to pay off the bonds.

The Village has several no interest loans through the Ohio Public Works Commission. The East Main Street loan relates to the installments of a storm drainage system and partial separation of the sewer system. The loan will be repaid in semiannual installments of \$358 over 20 years, maturing January 1, 2023.

The Swanton Street loan relates to the paving of Swanton Street. The loan will be repaid in semiannual installments of \$1,651 over 15 years, maturing July 1, 2021.

The Water Treatment Plant Improvement loan was for improvements to the water plant of the Village. The Village passed water services, collections and upkeep, to Fulton County due to monetary and OEPA mandated constraints on the upkeep of the plant. The loan will be repaid in semi-annual installments of \$1,969 over 20 years, maturing January 1, 2032. Fulton County reimburses the Village for the semi-annual payment amount.

The Parker Road improvement loan relates to improvements to Parker road in a partnership with Amboy Township. Amboy Township has a 43% stake in the improvements and loan. The loan will be repaid in semi-annual installments of \$3,350 for a period of 20 years, maturing July 1, 2034.

The Sanitary Sewer Bonds relate to improving the Village's sanitary sewer and storm sewer system. The amount of bonds issued were \$454,000 in Sanitary Sewer Bonds Series 2007 B. The bonds shall bear interest at the rate of 4.125% per year. That interest shall be payable annually on June 1st of each year commencing June 1, 2008 along with a varying principal amount. The bonds will be repaid in full on June 1, 2047. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system.

The Sanitary Sewer System Refunding Bonds replaced the Sanitary Sewer Bonds Series 2007 A in 2016 for \$502,600. The bonds shall bear interest at the rate of 3% per year. The interest shall be payable semi-annually on June 1 and December 1 of each year beginning in June 2017 along with a varying

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

principal amount. The bond will be repaid in full on December 1, 2036. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system.

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

Year ending December 31:	OPWC Loans	USDA Loan	General Obligation Street Bonds	Sanitary Sewer Refunding Bonds
2017	\$14,659	\$23,563	\$39,524	\$33,601
2018	14,659	23,587	38,759	33,601
2019	14,659	23,598	39,982	33,601
2020	14,659	23,597	39,172	33,601
2021	14,659	23,583	39,363	33,601
2022-2026	54,271	118,035	79,183	168,005
2027-2031	53,195	118,012		168,004
2032-2036	18,720	118,119		168,004
2037-2041		118,079		
2042-2046		118,069		
2047		23,636		
Total	<u>\$199,481</u>	<u>\$731,878</u>	<u>\$275,983</u>	<u>\$672,018</u>

Note 11 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

VILLAGE OF METAMORA
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$29,409				\$29,409
Municipal Income Tax	247,030				247,030
Intergovernmental	28,253	\$38,369			66,622
Charges for Services	1,332	10,846			12,178
Fines, Licenses and Permits	580	125			705
Earnings on Investments	526	220			746
Miscellaneous	17,624				17,624
<i>Total Cash Receipts</i>	<u>324,754</u>	<u>49,560</u>			<u>374,314</u>
Cash Disbursements					
Current:					
Security of Persons and Property	15,211				15,211
Leisure Time Activities	19,256	6,076			25,332
Community Environment	11,159				11,159
Transportation		13,500			13,500
General Government	186,034				186,034
Capital Outlay	22,662	14,305			36,967
Debt Service:					
Principal Retirement		4,020	\$38,700		42,720
Interest and Fiscal Charges			6,998		6,998
<i>Total Cash Disbursements</i>	<u>254,322</u>	<u>37,901</u>	<u>45,698</u>		<u>337,921</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>70,432</u>	<u>11,659</u>	<u>(45,698)</u>		<u>36,393</u>
Other Financing Receipts (Disbursements)					
Transfers In			42,817		42,817
Transfers Out	(57,817)	(25,000)			(82,817)
Other Financing Sources			2,881		2,881
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(57,817)</u>	<u>(25,000)</u>	<u>\$45,698</u>		<u>(37,119)</u>
<i>Net Change in Fund Cash Balances</i>	12,615	(13,341)			(726)
<i>Fund Cash Balances, January 1</i>	<u>202,897</u>	<u>98,988</u>		<u>\$2,008</u>	<u>303,893</u>
Fund Cash Balances, December 31					
Restricted		85,647		2,008	87,655
Assigned	104,938				104,938
Unassigned	110,574				110,574
<i>Fund Cash Balances, December 31</i>	<u>\$215,512</u>	<u>\$85,647</u>		<u>\$2,008</u>	<u>\$303,167</u>

See accompanying notes to the basic financial statements

**VILLAGE OF METAMORA
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$71,079
Fines, Licenses and Permits	1,400
	72,479
<i>Total Operating Cash Receipts</i>	<i>72,479</i>
Operating Cash Disbursements	
Personal Services	33,736
Employee Fringe Benefits	668
Contractual Services	19,529
Supplies and Materials	4,771
Other	5,894
	64,598
<i>Total Operating Cash Disbursements</i>	<i>64,598</i>
<i>Operating Income</i>	<i>7,881</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	114
Miscellaneous Receipts	194
Principal Retirement	(17,739)
Interest and Other Fiscal Charges	(38,763)
Other Financing Sources	3,939
Other Financing Uses	(90)
	(52,345)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(52,345)</i>
<i>Loss before Transfers</i>	<i>(44,464)</i>
Transfers In	52,933
Transfers Out	(12,933)
	(4,464)
<i>Net Change in Fund Cash Balances</i>	<i>(4,464)</i>
<i>Fund Cash Balances, January 1</i>	<i>117,369</i>
	112,905
<i>Fund Cash Balances, December 31</i>	<i>\$112,905</i>

See accompanying notes to the basic financial statements

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

The Village of Metamora (the Village), Fulton County, Ohio 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 sewer utilities, park operations and police services through contracts with the Fulton County Sheriff's department and water from Fulton County Public Utilities.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management, Inc. plan and the Ohio Municipal League Group Rating Plan public entity pools. Notes 7 and 11 to the financial statements provide additional information for this entity.

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

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.

Porter Memorial Fund - This fund receives donations and fundraiser revenue to benefit the Village's park.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Service Fund – This fund received transferred monies to pay off the state improvement bonds.

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Improvement Fund - This fund receives grant funds to construct street improvements.

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

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

Enterprise Debt Service Fund - This fund is used to accumulate resources for the payment of bonds and note indebtedness incurred for sewer improvement.

Basis of Accounting

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

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

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 appropriation measures and subsequent amendments. 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.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

A summary of 2015 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.

The Village values STAR Ohio at cost.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Fund Balance

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

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

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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

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, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$308,793	\$324,754	\$15,961
Special Revenue	49,230	49,560	330
Debt Service	45,698	45,698	
Enterprise	145,197	129,659	(15,538)
Total	\$548,918	\$549,671	\$753

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$387,998	\$312,139	\$75,859
Special Revenue	88,757	62,901	25,856
Debt Service	45,698	45,698	
Capital Projects	2,008		2,008
Enterprise	148,055	134,123	13,932
Total	\$672,516	\$554,861	\$117,655

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 4 – Deposits and Investments

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

	2015
Demand deposits	\$113,207
Certificates of deposit	173,287
Total deposits	286,494
STAR Ohio	129,578
Total deposits and investments	\$416,072

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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.

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority (RITA), as required. Corporations and other individual taxpayers pay

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

estimated taxes quarterly and file a declaration annually.

Note 6 – Interfund Transfers

During the year, the following transfers in and out occurred:

Fund	Transfer In	Transfers Out
General		\$57,817
Special Revenue		25,000
Debt Service Fund	\$42,817	
Enterprise	52,933	12,933
Total	\$95,750	\$95,750

General Fund transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

The transfers from the Special Revenue to the Debt Service Fund are to fund the debt payments for street improvements.

Enterprise Fund transfers were made to meet funding required for Debt Service.

Note 7 - Risk Management

Ohio Plan Risk Management, Inc.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014:

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	\$5,531,637	\$5,887,681

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 2015.

Social Security

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Note 9 - 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 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$287,000	2.25%
OPWC - East Main Street Sewer Separation Loan	5,377	
OPWC - Swanton Street Paving Loan	19,819	
OPWC - Water Treatment Plant Improvements	64,994	
OPWC - Parker Road Improvements	123,950	
United States Department of Agriculture Bonds	925,900	4.125%
Total	\$1,427,040	

The General Obligation bonds issued by the Village are for street improvements. The bonds will be paid back in varying amounts over 10 years. The Village levied a tax sufficient to pay off the bonds.

The Village has several no interest loans through the Ohio Public Works Commission. The East Main Street loan relates to the installments of a storm drainage system and partial separation of the sewer system. The loan will be repaid in semiannual installments of \$358 over 20 years, maturing January 1, 2023.

The Swanton Street loan relates to the paving of Swanton Street. The loan will be repaid in semiannual installments of \$1,651 over 15 years, maturing July 1, 2021.

The Water Treatment Plant Improvement loan was for improvements to the water plant of the Village. The Village passed water services, collections and upkeep, to Fulton County due to monetary and OEPA mandated constraints on the upkeep of the plant. The loan will be repaid in semi-annual installments of \$1,969 over 20 years, maturing January 1, 2032. Fulton County reimburses the Village for the semi-annual payment amount.

The Parker Road improvement loan relates to improvements to Parker road in a partnership with Amboy Township. Amboy Township has a 43% stake in the improvements and loan. The loan will be repaid in semi-annual installments of \$3,350 for a period of 20 years, maturing July 1, 2034.

The Sanitary Sewer Bonds relate to improving the Village's sanitary sewer and storm sewer system. The amount of bonds issued were \$558,000 in Sanitary Sewer Bonds Series 2007 A and \$454,000 Sanitary Sewer Bonds Series 2007 B. The bonds shall bear interest at the rate of 4.125% per year. That interest shall be payable annually on June 1st of each year commencing June 1, 2008 along with a varying principal amount. The bonds will be repaid in full on June 1, 2047. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system.

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

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Year ending December 31:	OPWC Loans	USDA Loan	General Obligation Street Bonds
2016	\$14,659	\$52,693	\$39,278
2017	14,659	52,595	39,524
2018	14,659	52,577	38,759
2019	14,659	52,633	39,982
2020	14,659	52,661	39,172
2021-2025	58,291	263,011	118,545
2026-2030	53,195	263,053	
2031-2035	29,359	263,256	
2036-2040		263,256	
2041-2045		263,229	
2046-2047		105,379	
Total	<u>\$214,140</u>	<u>\$1,684,343</u>	<u>\$315,260</u>

Note 11 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.



Dave Yost • Auditor of State

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

Village of Metamora
Fulton County
114 East Main Street
P.O. Box 299
Metamora, Ohio 43540-0299

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Metamora, Fulton County, Ohio, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated October 31, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to the lack of sufficient audit evidence supporting the amounts recorded as charges for services in the Special Revenue Funds in 2016 and 2015, respectively.

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 2016-001 and 2016-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant

agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

October 31, 2017

**VILLAGE OF METAMORA
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness – Park Fundraiser

Implementing effective internal controls, both application and monitoring, is an important responsibility of management. Effective internal controls can help assure that transactions are complete, occurred, are accurately reported, properly cutoff, and properly classified.

The Village did not implement internal controls policies and procedures regarding the collection of park fundraiser receipts which resulted in the following internal control weaknesses in the 2016 and 2015 receipts process.

- The Village did not keep a ticket log to track tickets sold at the park fundraiser for daily events,
- All fundraiser cash collections are deposited at Metamora State Bank without an initial count by the Village,
- There was no supporting documentation to support cash collected for entry fees for the 5K run or the chicken dinners sold.

These weaknesses resulted in the completeness and accuracy issues of the revenue collected at the park fundraiser. We recommend the Village implement written policies and procedures over the park fundraiser collections and management monitor control procedures to verify they are functioning effectively. Safe cash handling controls include:

- Require ticket reconciliations and verification of tickets collected and the amount of cash received by each cashier,
- Require collections for each individual cashier be reconciled at the end of each shift, documented and signed off by the cashier,
- The collections should be counted by all parties involved and a record should be maintained and signed by both parties whenever the money is transferred from one person to the next, such as from the cashier to the Fiscal Officer,
- The Fiscal Officer or Deputy should verify the ticket reconciliations are completed and the cash total of the ticket reconciliations match the amount deposited,
- Require the Finance Committee to verify the ticket reconciliations, cash collected and the reconciliation process,
- Require the Village to monitor and track ticket reconciliation overages and shortages for each cashier and to investigate any significant variances,
- Require sold and unsold tickets to be maintained for management review and audit,
- 5K entry forms should be retained and reconciled to the collections and deposit.
- Supporting documentation for chicken dinners sold should be maintained.

Officials' Response:

The recommendations on how to implement effective application and monitoring controls are appreciated. We will do our best to apply the recommendations.

FINDING NUMBER 2016-002

Material Weakness – Fund Balance Classification

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

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

The 2016 appropriations of \$406,142 exceeded the 2016 Estimated Revenues of \$301,204 by \$104,938. The \$104,938 should have been classified as assigned fund balance in the General Fund in 2015 due to using the carryover fund balance to cover the remaining amount of appropriations instead of as unassigned fund balance.

Fund Balance should be reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutionally provisions or enabling legislation.

The Village improperly reported Capital Projects Fund balances of \$408 and \$2,008 as committed in 2016 2015, respectively when they should have been reported as Restricted since the balances represent grant monies with a constraint externally imposed by the grantor.

A final review of the financials may have detected this error. Adjustments for 2016 and 2015 were recorded in the accompanying financial statements to correct these errors

In order to ensure the Village's fund balances are reported in accordance with GASB 54, we recommend the Village review Auditor of State Bulletin 2011-004 and classify fund balances accordingly.

Officials' Response:

The Auditor explained the appropriation/estimated revenue/assigned issue to our understanding and the weakness should not occur again. Reporting the \$408 and \$2,008 as committed in 2016 and 2015 will be reported as restricted in the future until used.

**VILLAGE OF METAMORA
FULTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Material Weakness – Fund Balance Classification – Portion of the General Fund balance should have been reported as assigned.	Not corrected. Reissued as finding 2016-002 in this report.	Additional errors in fund balance classification were noted and not detected in the financial statements. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.
2014-002	Material Weakness – Budgeted receipts did not match amounts reported in the accounting system.	Corrective action taken and finding is fully corrected.	

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VILLAGE OF METAMORA

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 14, 2017