



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF METAMORA
FULTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements 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, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code 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 *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, 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 \$12,983 for the year ended December 31, 2017 which is 15 percent of Special Revenue Fund receipts for the year ended December 31, 2017. 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 as it relates to the Special Revenue Funds 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, 2017, for the year 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and related notes of the Village of Metamora, Fulton County, Ohio as of December 31, 2018, and the General, Debt Service, Capital Projects, and Enterprise Funds as of December 31, 2017, 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 November 7, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

November 7, 2019

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Village of Metamora, Ohio
Fulton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$31,045	\$4,906			\$35,951
Municipal Income Tax	282,898				282,898
Intergovernmental	30,310	37,600			67,910
Charges for Services	400	14,703			15,103
Fines, Licenses and Permits	655				655
Earnings on Investments	2,885	773			3,658
Miscellaneous	13,079	3,040			16,119
<i>Total Cash Receipts</i>	<u>361,272</u>	<u>61,022</u>			<u>422,294</u>
Cash Disbursements					
Current:					
Security of Persons and Property	13,478				13,478
Leisure Time Activities	20,440	10,023			30,463
Community Environment	3,342				3,342
Transportation		24,393			24,393
General Government	147,626				147,626
Capital Outlay	11,313	37,097			48,410
Debt Service:					
Principal Retirement		4,020	\$40,700		44,720
Interest and Fiscal Charges			4,759		4,759
<i>Total Cash Disbursements</i>	<u>196,199</u>	<u>75,533</u>	<u>45,459</u>		<u>317,191</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>165,073</u>	<u>(14,511)</u>	<u>(45,459)</u>		<u>105,103</u>
Other Financing Receipts (Disbursements)					
Transfers In			42,578		42,578
Transfers Out	(62,578)	(20,000)			(82,578)
Other Financing Sources			2,881		2,881
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(62,578)</u>	<u>(20,000)</u>	<u>45,459</u>		<u>(37,119)</u>
<i>Net Change in Fund Cash Balances</i>	102,495	(34,511)			67,984
<i>Fund Cash Balances, January 1</i>	<u>342,696</u>	<u>124,308</u>	<u>1,441</u>	<u>\$408</u>	<u>468,853</u>
Fund Cash Balances, December 31					
Restricted		89,797	1,441	408	91,646
Unassigned	445,191				445,191
<i>Fund Cash Balances, December 31</i>	<u>\$445,191</u>	<u>\$89,797</u>	<u>\$1,441</u>	<u>\$408</u>	<u>\$536,837</u>

See accompanying notes to the basic financial statements

Village of Metamora, Ohio
Fulton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2018

	Proprietary
	Enterprise
Operating Cash Receipts	
Charges for Services	\$96,381
Fines, Licenses and Permits	1,998
<i>Total Operating Cash Receipts</i>	<i>98,379</i>
Operating Cash Disbursements	
Personal Services	27,406
Contractual Services	28,235
Supplies and Materials	1,811
<i>Total Operating Cash Disbursements</i>	<i>57,452</i>
<i>Operating Income</i>	<i>40,927</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	799
Capital Outlay	(2,001)
Principal Retirement	(95,165)
Interest and Other Fiscal Charges	(30,367)
Other Financing Sources	3,939
Other Financing Uses	(90)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(122,885)</i>
<i>Loss before Transfers</i>	<i>(81,958)</i>
Transfers In	121,188
Transfers Out	(81,188)
<i>Net Change in Fund Cash Balances</i>	<i>(41,958)</i>
<i>Fund Cash Balances, January 1</i>	<i>182,953</i>
<i>Fund Cash Balances, December 31</i>	<i>\$140,995</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, 2018

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 Pool

The Village participates in the Ohio Plan Risk Management, Inc. and the Ohio Municipal League Group Rating Plan public entity pools. Notes 6 and 10 to the financial statements provide additional information for these entities.

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 balance (regulatory cash basis) for the proprietary fund type 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 Fund 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, 2018

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

Debt Service Fund This fund receives transferred monies to pay off the 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 grand 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 for the payment of bond 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, 2018

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

A summary of 2018 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.

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:

Non-spendable The Village classifies assets as *non-spendable* 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.

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*

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$387,022	\$361,272	(\$25,750)
Special Revenue	55,926	61,022	5,096
Debt Service	48,394	45,459	(2,935)
Enterprise	223,127	224,305	1,178
Total	\$714,469	\$692,058	(\$22,411)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$318,709	\$258,777	\$59,932
Special Revenue	151,696	95,533	56,163
Debt Service	45,459	45,459	
Capital Projects	408		408
Enterprise	282,189	266,263	15,926
Total	\$798,461	\$666,032	\$132,429

Note 4 – Deposits and Investments

The Village maintains a deposit and investment 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:

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

	<u>2017</u>
Demand deposits	\$366,625
Certificates of deposit	<u>74,189</u>
Total deposits	440,814
STAR Ohio	<u>237,018</u>
Total deposits and investments	<u><u>\$677,832</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 6 - Risk Management

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.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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, 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the latest information available).

Assets	\$ 14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All 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, 2018.

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 Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 - Postemployment Benefits

OPERS offers 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds-Street Improvement Bonds	\$186,000	2.25%
OPWC #CE35E - East Main Street Sewer Separation Loan	3,226	0%
OPWC #CE40I - Swanton Street Paving Loan	9,910	0%
OPWC #CE08L - Water Treatment Plan Improvements	53,177	0%
OPWC #CE12Q - Parker Road Improvements	103,850	0%
United States Department of Agriculture Bonds	330,100	4.125%
Sanitary Sewer System Refunding Bonds	464,712	3.00%
Total	<u>\$1,150,975</u>	

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 United States Department of Agriculture Bonds relate to improving the Village's sanitary sewer and storm sewer system. The amount of bonds issued were \$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

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 relate to the refinancing of the USDA bonds issued in the original amount of \$558,000 in Sanitary Sewer Bonds Series 2007 A for improving the Village's sanitary sewer and storm sewer system. The bonds bore an interest rate of 4.125% per year. The Village refinanced with the Metamora State Bank for the amount of \$502,600 at a rate of 3% in December of 2016, paying off the original loan with the USDA. The bonds will be repaid in semi-annual installments of \$16,800 over 20 years, maturing December 1, 2036. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system.

Amortization

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

Year Ending December 31:	General Obligation Street Bonds	OPWC Loans	USDA Bonds	Sanitary Sewer Refunding Bonds
2019	\$39,983	\$14,659	\$20,917	\$33,601
2020	39,172	14,659	20,915	33,601
2021	39,363	14,659	20,902	33,601
2022	39,518	11,356	20,976	33,601
2023	39,664	10,998	20,934	33,601
2024-2028		53,195	104,559	168,005
2029-2033		47,287	104,689	168,005
2034-2038		3,350	104,658	100,802
2039-2043			104,381	
2044-2047			21,362	
Total	<u>\$197,700</u>	<u>\$170,163</u>	<u>\$544,293</u>	<u>\$604,817</u>

Note 10 – 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, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 11 – Interfund Transfers

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

<u>Operating Unit</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$62,578
Special Revenue		20,000
Debt Service	\$42,578	
Enterprise	121,188	81,188
Total	<u>\$163,766</u>	<u>\$163,766</u>

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.

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$30,313	\$5,052			\$35,365
Municipal Income Tax	323,519				323,519
Intergovernmental	27,379	41,468			68,847
Charges for Services	1,900	12,983			14,883
Fines, Licenses and Permits	690				690
Earnings on Investments	1,607	590			2,197
Miscellaneous	15,244	28,808			44,052
<i>Total Cash Receipts</i>	<u>400,652</u>	<u>88,901</u>			<u>489,553</u>
Cash Disbursements					
Current:					
Security of Persons and Property	13,629				13,629
Leisure Time Activities	21,814	8,613			30,427
Community Environment	3,672				3,672
Transportation		4,738			4,738
General Government	173,630				173,630
Capital Outlay	2,412	10,405			12,817
Debt Service:					
Principal Retirement		4,020	\$40,700		44,720
Interest and Fiscal Charges			5,523		5,523
<i>Total Cash Disbursements</i>	<u>215,157</u>	<u>27,776</u>	<u>46,223</u>		<u>289,156</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>185,495</u>	<u>61,125</u>	<u>(46,223)</u>		<u>200,397</u>
Other Financing Receipts (Disbursements)					
Transfers In			43,343		43,343
Transfers Out	(58,343)	(25,000)			(83,343)
Other Financing Sources			4,321		4,321
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(58,343)</u>	<u>(25,000)</u>	<u>47,664</u>		<u>(35,679)</u>
<i>Net Change in Fund Cash Balances</i>	127,152	36,125	1,441		164,718
<i>Fund Cash Balances, January 1</i>	<u>215,544</u>	<u>88,183</u>		<u>\$408</u>	<u>304,135</u>
Fund Cash Balances, December 31					
Restricted		124,308	1,441	408	126,157
Unassigned	342,696				342,696
<i>Fund Cash Balances, December 31</i>	<u>\$342,696</u>	<u>\$124,308</u>	<u>\$1,441</u>	<u>\$408</u>	<u>\$468,853</u>

See accompanying notes to the basic financial statements

Village of Metamora, Ohio
Fulton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2017

	Proprietary
	Enterprise
Operating Cash Receipts	
Charges for Services	\$91,395
Fines, Licenses and Permits	1,612
<i>Total Operating Cash Receipts</i>	<i>93,007</i>
Operating Cash Disbursements	
Personal Services	30,001
Transportation	10
Contractual Services	14,553
Supplies and Materials	2,201
<i>Total Operating Cash Disbursements</i>	<i>46,765</i>
<i>Operating Income</i>	<i>46,242</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	637
Sale of Capital Assets	5,275
Miscellaneous Receipts	3,748
Capital Outlay	(750)
Principal Retirement	(29,301)
Interest and Other Fiscal Charges	(31,802)
Other Financing Sources	3,939
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(48,254)</i>
<i>Loss before Transfers</i>	<i>(2,012)</i>
Transfers In	57,164
Transfers Out	(17,164)
<i>Net Change in Fund Cash Balances</i>	<i>37,988</i>
<i>Fund Cash Balances, January 1</i>	<i>144,965</i>
<i>Fund Cash Balances, December 31</i>	<i>\$182,953</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, 2017

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 Pool

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

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 balance (regulatory cash basis) for the proprietary fund type 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 Fund 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, 2017

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

Debt Service Fund This fund receives transferred monies to pay off the 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 grand 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 for the payment of bond 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, 2017

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

A summary of 2017 budgetary activity appears in Note 4.

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.

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:

Non-spendable The Village classifies assets as *non-spendable* 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.

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*

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 – Compliance

Contrary to Ohio law, receipts of \$5,275 from the sale of capital assets were recorded in the General Fund rather than the Enterprise Improvement Fund for the year ended December 31, 2017.

Note 4 - Budgetary Activity

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$313,984	\$400,652	\$86,668
Special Revenue	53,240	88,901	35,661
Debt Service	46,224	47,664	1,440
Enterprise	167,983	163,770	(4,213)
Total	\$581,431	\$700,987	\$119,556

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$339,838	\$273,500	\$66,338
Special Revenue	89,877	52,776	37,101
Debt Service	46,223	46,223	
Enterprise	163,132	125,782	37,350
Total	\$639,070	\$498,281	\$140,789

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Deposits and Investments

The Village maintains a deposit and investment 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:

	<u>2017</u>
Demand deposits	\$344,546
Certificates of deposit	73,452
CDARS	<u>102,259</u>
Total deposits	520,257
STAR Ohio	<u>131,549</u>
Total deposits and investments	<u><u>\$651,806</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

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

Note 6 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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, 2017

Note 7 - Risk Management

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. 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$ 14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 8 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

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

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Note 9 - Postemployment Benefits

OPERS offers 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017.

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds-Street Improvement Bonds	\$220,000	2.25%
OPWC #CE35E - East Main Street Sewer Separation Loan	3,943	0%
OPWC #CE40I - Swanton Street Paving Loan	13,213	0%
OPWC #CE08L - Water Treatment Plan Improvements	57,116	0%
OPWC #CE12Q - Parker Road Improvements	110,550	0%
United States Department of Agriculture Bonds	402,100	4.125%
Sanitary Sewer System Refunding Bonds	483,938	3.00%
Total	<u>\$1,290,860</u>	

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.

Village of Metamora, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

The Sanitary Sewer System Refunding Bonds relate to the refinancing of the USDA bonds issued in the original amount of \$558,000 in Sanitary Sewer Bonds Series 2007 A for improving the Village's sanitary sewer and storm sewer system. The bonds bore an interest rate of 4.125% per year. The Village refinanced with the Metamora State Bank for the amount of \$502,600 at a rate of 3% in December of 2016, paying off the original loan with the USDA. The bonds will be repaid in semi-annual installments of \$16,800 over 20 years, maturing December 1, 2036. The bonds are secured by the properties, assets, and revenue of the sewer and storm sewer system.

Amortization

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

Year Ending December 31:	General Obligation Street Bonds	OPWC Loans	USDA Bonds	Sanitary Sewer Refunding Bonds
2018	\$38,759	\$14,659	\$23,587	\$33,601
2019	39,983	14,659	23,598	33,601
2020	39,173	14,659	23,597	33,601
2021	39,363	14,659	23,583	33,601
2022	39,519	11,356	23,657	33,601
2023-2027	39,664	53,554	117,987	168,005
2028-2032		51,226	118,051	168,005
2033-2037		10,050	118,047	134,403
2038-2042			118,089	
2043-2047			118,120	
Total	\$236,461	\$184,822	\$708,316	\$638,418

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, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 12 – Interfund Transfers

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

<u>Operating Unit</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$58,343
Special Revenue		25,000
Debt Service	\$43,343	
Enterprise	57,164	17,164
Total	<u>\$100,507</u>	<u>\$100,507</u>

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.

OHIO AUDITOR OF STATE KEITH FABER



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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, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated November 7, 2019 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 appropriate audit evidence supporting the amounts recorded as Special Revenue Fund charges for services receipts for 2017.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2018-001 and 2018-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-003 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-003.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

November 7, 2019

**VILLAGE OF METAMORA
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness – Park Fundraisers

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.

Due to deficiencies in their policies and procedures, the Village did not implement internal controls over the collection of Park Fund charges for services fund raising receipts which resulted in a lack of adequate supporting documentation and a qualified opinion over these receipts.

The following weaknesses in the 2017 receipts process were identified:

- All fundraiser cash collections are deposited at Metamora State Bank without an initial count and verification by the Village,
- There was no supporting documentation to support cash collected for entry fees for the 5K run or the chicken dinners sold.

The Village should implement internal controls, including written policies and procedures to help ensure receipts are properly accounted for and supported. These controls should include, but are not limited to the following:

- 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.

FINDING NUMBER 2018-002

Material Weakness – Fund Balance Classification

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

Accurate financial reporting is the responsibility of management and is essential to help ensure the information provided to the readers of the financial statements accurately reflects the Village's activity. The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB Cod 1800.168) provides that fund Balances should be reported as restricted when constraints placed on 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.

Capital Projects Fund restricted fund balance in the amount of \$408 has been reclassified from committed since the balances represent grant monies with a constraint externally imposed by the grantor.

This error was not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failing to provide accurate financial information could lead to the Council making misinformed decisions. The accompanying financial statements, notes to the financial statements, and, where applicable, the Village's accounting records have been adjusted to reflect this change.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate and to help identify and correct errors and omissions, the Village should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Fiscal Officer and Village Council. The Fiscal Officer can refer to Auditor of State Bulletin 2011-004 for information on GASB Statement No. 54.

FINDING NUMBER 2018-003

Noncompliance and Significant Deficiency

Ohio Rev. Code § 5705.10(F) requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. **Ohio Rev. Code § 5705.01(E)** defines "permanent improvement" or "improvement" to mean "any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more."

In 2017, the Village inappropriately recorded \$5,275 from the sale of a capital assets in the General Fund. Given the source of the revenue, this should have been recorded in the Enterprise Improvement Fund. An audit adjustment is reflected in the financial statements and in the accounting records correcting this misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year –end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF METAMORA
FULTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding was first issued in the 2016-2015 audit. Material Weakness due to a lack of internal controls over the park fundraiser.	Not corrected and repeated as Finding 2018-001 in this report.	Recurrence due to inadequate internal control policies and procedures regarding the collection of park fundraiser receipts. Fiscal Officer and Village Council will implement effective application and monitoring controls.
2016-002	Finding was first issued in the 2014-2013 audit. Material Weakness due to error in fund balance classification resulting in audit adjustment.	Not corrected and repeated as Finding 2018-002 in this report.	Recurrence due to inadequate policies and procedures in reviewing the financial statements. Village Council will perform detailed reviews of financial information to ensure fund balances are properly reported.

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OHIO AUDITOR OF STATE KEITH FABER



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
DECEMBER 5, 2019