

**VILLAGE OF METAMORA
FULTON COUNTY**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

Village Council
Village of Metamora
114 E. Main Street
P.O. Box 299
Metamora, Ohio 43540-0299

We have reviewed the *Independent Auditor's Report* of the Village of Metamora, Fulton County, prepared by LublinSussman Group LLP, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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Dave Yost
Auditor of State

November 14, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of cash receipts, cash disbursements, and changes in fund cash balances - all governmental fund types and proprietary fund types of the Village of Metamora, Fulton County, (the Village) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

Instead of the combined funds presented in the accompanying financial statements, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or cash flows, where applicable for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Metamora, Fulton County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2011 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

SublinSussman Group LLP

September 15, 2011
Toledo, Ohio

**VILLAGE OF METAMORA
FULTON COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals (Memo. Only)
Cash Receipts:				
Property and Local Taxes	\$ 57,670	\$ 0	\$ 0	\$ 57,670
Municipal Income Tax	190,817	0	0	190,817
Intergovernmental Receipts	53,660	100,591	0	154,251
Charges for Services	400	0	0	400
Fines, Licenses, and Permits	930	0	0	930
Earnings on Investments	779	244	0	1,023
Miscellaneous	<u>6,528</u>	<u>0</u>	<u>0</u>	<u>6,528</u>
Total Cash Receipts	<u>310,784</u>	<u>100,835</u>	<u>0</u>	<u>411,619</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	14,884	0	0	14,884
Leisure Time Activities	32,339	0	0	32,339
Community Environment	11,897	0	0	11,897
Transportation	0	19,400	0	19,400
General Government	143,725	3,100	0	146,825
Debt Service:				
Principal Payments	0	4,020	0	4,020
Capital Outlay	<u>111,251</u>	<u>71,416</u>	<u>0</u>	<u>182,667</u>
Total Cash Disbursements	<u>314,096</u>	<u>97,936</u>	<u>0</u>	<u>412,032</u>
Total Receipts Over (Under) Disbursements	<u>(3,312)</u>	<u>2,899</u>	<u>0</u>	<u>(413)</u>
Other Financing Receipts (Disbursements):				
Transfers-Out	(80,000)	0	0	(80,000)
Advances-In	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
Total Other Financing Disbursements	<u>(75,000)</u>	<u>0</u>	<u>0</u>	<u>(75,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(78,312)	2,899	0	(75,413)
Fund Cash Balances, January 1	<u>247,520</u>	<u>78,528</u>	<u>0</u>	<u>326,048</u>
Fund Cash Balances, December 31	<u>\$ 169,208</u>	<u>\$ 81,427</u>	<u>\$ 0</u>	<u>\$ 250,635</u>
Reserves for Encumbrances, December 31	<u>\$ 4,997</u>	<u>\$ 4,919</u>	<u>\$ 0</u>	<u>\$ 9,916</u>

See Notes to Financial Statements

VILLAGE OF METAMORA
 FULTON COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 280,584
Fines, Licenses, and Permits	3,450
Miscellaneous	<u>148</u>
Total Operating Cash Receipts	<u>284,182</u>
Operating Cash Disbursements:	
Personal Services	122,515
Contractual Services	48,471
Supplies and Materials	<u>21,516</u>
Other	<u>486</u>
Total Operating Cash Disbursements	<u>192,988</u>
Operating Income	<u>91,194</u>
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	0
Intergovernmental Receipts	219,193
Earnings on Investments	<u>518</u>
Total Non-Operating Cash Receipts	<u>219,711</u>
Non-Operating Cash Disbursements:	
Redemption of Principal	62,966
Interest and Other Finance Charges	54,386
Capital Outlay	<u>323,468</u>
Total Non-Operating Cash Disbursements	<u>440,820</u>
Excess of Receipts Under Disbursements Before Interfund Transfers and Advances	(129,915)
Transfers-In	122,650
Transfers-Out	(42,650)
Advances-Out	<u>(5,000)</u>
Net Receipts Under Disbursements	(54,915)
Fund Cash Balances, January 1	<u>218,238</u>
Fund Cash Balances, December 31	\$ <u>163,323</u>
Reserve for Encumbrances, December 31	\$ <u>5,885</u>

See Notes to Financial Statements

**VILLAGE OF METAMORA
FULTON COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memo. Only)</u>
Cash Receipts:				
Property and Local Taxes	\$ 56,319	\$ 0	\$ 0	\$ 56,319
Municipal Income Tax	185,482	0	0	185,482
Intergovernmental Receipts	53,168	89,247	83,650	226,065
Charges for Services	525	0	0	525
Fines, Licenses, and Permits	725	0	0	725
Earnings on Investments	1,784	482	0	2,266
Miscellaneous	<u>4,369</u>	<u>0</u>	<u>0</u>	<u>4,369</u>
Total Cash Receipts	<u>302,372</u>	<u>89,729</u>	<u>83,650</u>	<u>475,751</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	14,464	0	0	14,464
Leisure Time Activities	32,581	0	0	32,581
Community Environment	11,665	0	0	11,665
Transportation	0	61,609	0	61,609
General Government	155,327	0	0	155,327
Debt Service:				
Principal Payments	0	4,020	0	4,020
Capital Outlay	<u>27,150</u>	<u>4,324</u>	<u>122,207</u>	<u>153,681</u>
Total Cash Disbursements	<u>241,187</u>	<u>69,953</u>	<u>122,207</u>	<u>433,347</u>
Total Receipts Over (Under) Disbursements	<u>61,185</u>	<u>19,776</u>	<u>(38,557)</u>	<u>42,404</u>
Other Financing Receipts (Disbursements):				
Transfers-In	0	0	35,357	35,357
Transfers-Out	(144,240)	0	0	(144,240)
Advances-In	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Total Other Financing Receipts (Disbursements):	<u>(119,240)</u>	<u>0</u>	<u>35,357</u>	<u>(83,883)</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(58,055)	19,776	(3,200)	(41,479)
Fund Cash Balances, January 1	<u>305,575</u>	<u>58,752</u>	<u>3,200</u>	<u>367,527</u>
Fund Cash Balances, December 31	<u>\$ 247,520</u>	<u>\$ 78,528</u>	<u>\$ 0</u>	<u>\$ 326,048</u>
Reserves for Encumbrances, December 31	<u>\$ 2,717</u>	<u>\$ 3,785</u>	<u>\$ 0</u>	<u>\$ 6,502</u>

See Notes to Financial Statements

VILLAGE OF METAMORA
 FULTON COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 275,726
Fines, Licenses, and Permits	3,615
Miscellaneous	<u>3,827</u>
Total Operating Cash Receipts	<u>283,168</u>
Operating Cash Disbursements:	
Personal Services	138,237
Contractual Services	58,262
Supplies and Materials	<u>23,619</u>
Other	<u>844</u>
Total Operating Cash Disbursements	<u>220,962</u>
Operating Income	<u>62,206</u>
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	0
Earnings on Investments	<u>1,280</u>
Total Non-Operating Cash Receipts	<u>1,280</u>
Non-Operating Cash Disbursements:	
Redemption of Principal	59,794
Interest and Other Finance Charges	57,609
Capital Outlay	<u>5,628</u>
Total Non-Operating Cash Disbursements	<u>123,031</u>
Excess of Receipts Under Disbursements Before Interfund Transfers and Advances	(59,545)
Transfers-In	150,734
Transfers-Out	(41,851)
Advances-Out	<u>(25,000)</u>
Net Receipts Over Disbursements	24,338
Fund Cash Balances, January 1	<u>193,900</u>
Fund Cash Balances, December 31	\$ <u>218,238</u>
Reserve for Encumbrances, December 31	\$ <u>42,352</u>

See Notes to Financial Statements

VILLAGE OF METAMORA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

ORGANIZATION

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Metamora, Fulton County, (the Village) as a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Fulton County Sheriff's department to provide security of persons and property.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

DEPOSITS AND INVESTMENTS

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

Certificates of deposit are valued at cost. The investment in STAR Ohio are recorded at share values the mutual funds report.

FUND ACCOUNTING

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

a. General Fund

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

VILLAGE OF METAMORA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED))

FUND ACCOUNTING (CONTINUED)

b. Special Revenue Funds

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

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

c. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Capital Improvement Fund - This fund receives grant proceeds for governmental fund improvement projects.

d. Enterprise Funds

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

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

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

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

VILLAGE OF METAMORA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETARY PROCESS

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

a. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

b. Estimated Resources

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

c. Encumbrances

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

PROPERTY, PLANT, AND EQUIPMENT

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

ACCUMULATED LEAVE

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

VILLAGE OF METAMORA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(2) EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$ 54,138	\$ 90,882
Certificates of Deposit	<u>250,576</u>	<u>99,476</u>
Total Deposits	<u>304,714</u>	<u>190,358</u>
 STAR Ohio	 <u>109,244</u>	 <u>353,928</u>
Total Investments	<u>109,244</u>	<u>353,928</u>
Total Deposits and Investments	<u>\$ 413,958</u>	<u>\$ 544,286</u>

DEPOSITS

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village. At 2009, security pledged by the depository was less than the Village's deposits by \$26,362.

INVESTMENTS

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

VILLAGE OF METAMORA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(3) BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 292,735	\$ 310,784	\$ 18,049
Special Revenue	98,975	100,835	1,860
Capital Projects	0	0	0
Enterprise	<u>405,716</u>	<u>626,543</u>	<u>220,827</u>
Total	<u>\$ 797,426</u>	<u>\$ 1,038,162</u>	<u>\$ 240,736</u>

2010 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 540,536	\$ 399,093	\$ 141,443
Special Revenue	148,718	102,855	45,863
Capital Projects	0	0	0
Enterprise	<u>720,673</u>	<u>682,343</u>	<u>38,330</u>
Total	<u>\$ 1,409,927</u>	<u>\$ 1,184,291</u>	<u>\$ 225,636</u>

2009 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 347,580	\$ 302,372	\$ (45,208)
Special Revenue	91,610	89,729	(1,881)
Capital Projects	123,592	119,007	(4,585)
Enterprise	<u>444,671</u>	<u>435,182</u>	<u>(9,489)</u>
Total	<u>\$ 1,007,453</u>	<u>\$ 946,290</u>	<u>\$ (61,163)</u>

2009 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 506,616	\$ 388,144	\$ 118,472
Special Revenue	107,369	73,738	33,631
Capital Projects	122,207	122,207	0
Enterprise	<u>550,447</u>	<u>428,196</u>	<u>122,251</u>
Total	<u>\$ 1,286,639</u>	<u>\$ 1,012,285</u>	<u>\$ 274,354</u>

**VILLAGE OF METAMORA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

(4) PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

(5) LOCAL INCOME TAX

The Village levies a municipal income tax of 1 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. Central Collection Agency (CCA) provided income tax collection services for the Village for the year ended December 31, 2009 and the Regional Income Tax Agency (R.I.T.A) provided income tax collection services for the year ended December 31, 2010.

Employers within the Village withhold income tax on employee compensation and remit the tax to the collection service provider either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

(6) DEBT

Debt outstanding at December 31, 2010 and 2009 was as follows:

	Balance <u>12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/10</u>	Interest <u>Rate</u>
Ohio Water Development Authority Loan	\$ 138,951	\$ 0	\$ 31,412	\$ 107,539	6.75%
Sanitary Sewer Bonds	1,001,100	0	11,300	989,800	4.125%
Ohio Public Works Commission	97,805	0	20,254	77,551	4.00%
Ohio Public Works Commission	37,989	0	3,303	34,686	0%
Ohio Public Works Commission	<u>9,318</u>	<u>0</u>	<u>717</u>	<u>8,601</u>	0%
Total	<u>\$ 1,285,163</u>	<u>\$ 0</u>	<u>\$ 66,986</u>	<u>\$ 1,218,177</u>	

VILLAGE OF METAMORA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(6) DEBT (CONTINUED)

	Balance <u>12/31/08</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/09</u>	Interest <u>Rate</u>
Ohio Water Development Authority Loan	\$ 168,378	\$ 0	\$ 29,427	\$ 138,951	6.75%
Sanitary Sewer Bonds	1,012,000	0	10,900	1,001,100	4.125%
Ohio Public Works Commission	117,272	0	19,467	97,805	4.00%
Ohio Public Works Commission	41,292	0	3,303	37,989	0%
Ohio Public Works Commission	<u>10,035</u>	<u>0</u>	<u>717</u>	<u>9,318</u>	0%
Total	<u>\$ 1,348,977</u>	<u>\$ 0</u>	<u>\$ 63,814</u>	<u>\$ 1,285,163</u>	

The Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC) loans relate to a sanitary sewer system interceptor and a sludge lagoon system mandated by the Ohio Environmental Protection Agency. The OWDA loan will be repaid in semiannual installments of \$20,396, including interest, over 20 years, maturing January 1, 2014. The OPWC loan will be repaid in semiannual installments of \$11,983, including interest over 20 years, maturing July 1, 2014. No assets are pledged to secure these loans.

The second OPWC loan relates to the paving of Swanton Street. The loan will be repaid in semiannual installments of \$1,651 (no interest) over 15 years, maturing July 1, 2021. No assets are pledged to secure this loan.

The third Ohio Public Works Commission (OPWC) loan relates to the installments of a storm drainage system and partial separation of the sewer system on East Main Street. The loan will be repaid in semiannual installments of \$358 (no interest), over 20 years, maturing January 1, 2023. No assets are pledged to secure this loan.

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.

**VILLAGE OF METAMORA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

(6) DEBT (CONTINUED)

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

Year Ending December 31	1st OWDA Loan	Sanitary Sewer Bonds	1st OPWC	2nd OPWC	3rd OPWC
2011	\$ 40,792	\$ 52,595	\$ 11,983	\$ 1,651	\$ 358
2012	40,792	52,629	23,965	3,303	717
2013	40,792	52,643	23,965	3,303	717
2014	20,396	52,611	23,965	3,303	717
2015	0	54,564	0	3,303	717
2016 - 2020	0	263,158	0	16,520	3,584
2021 - 2025	0	263,011	0	3,303	1,791
2026 - 2030	0	263,053	0	0	0
2031 - 2035	0	263,256	0	0	0
2036 - 2040	0	263,256	0	0	0
2041 - 2045	0	263,229	0	0	0
2045 - 2048	0	105,379	0	0	0
Totals	<u>\$ 142,772</u>	<u>\$ 1,949,384</u>	<u>\$ 83,878</u>	<u>\$ 34,686</u>	<u>\$ 8,601</u>

(7) RETIREMENT SYSTEMS

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2010 and 2009 OPERS participants contributed 10% of their wages. The Village has contributed an amount equal to 14% of the participants' gross salaries for 2010 and 2009. The Village has paid all contributions required through December 31, 2010.

Pension expense amounted to \$46,325 and \$56,522 for 2010 and 2009, respectively.

(8) RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the Plan), and unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

VILLAGE OF METAMORA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(8) RISK MANAGEMENT (CONTINUED)

The Plan uses conventional insurance coverages and reinsured these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Assets	\$12,036,541	\$11,176,186
Liabilities	<u>4,845,056</u>	<u>4,852,485</u>
Member's Equity	<u>\$ 7,191,485</u>	<u>\$ 6,323,701</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

(9) CONTINGENT LIABILITIES

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

(10) SUBSEQUENT EVENT

The Village has entered into a contract with the Northeast Fulton County Water System to provide water for the Village. The transfer of responsibilities of the water production plant and production of water supply was transferred to Northeast Fulton County Water System in January 2011. The Village will continue to operate the sewer system.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of Council and Mayor
Village of Metamora
Fulton County
114 E. Main Street, P.O.Box 299
Metamora, OH 43540-0299

We have audited the accompanying combined financial statements of the Village of Metamora, Fulton County, (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 15, 2011 wherein we noted that the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management of employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material misstatements of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2010-001 that we consider to be a significant deficiency in internal control over financial reporting. 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.

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Compliance and Other Matters

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

We noted certain matters that we reported to the Council of the Village of Metamora, Fulton County, in a separate letter dated September 15, 2011.

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

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

Seublin Sussman Group LLP

September 15, 2011
Toledo, Ohio

**VILLAGE OF METAMORA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

FINDING NUMBER 2010-001

Significant Deficiency - No Accountability of Bulk Water Sales

There is no accountability for sales from the water tower. Customers deposit cash into a locked money machine at the water tower which dispenses water by the gallon. The money machine does not account for the gallons disbursed or the monies collected. Village employees collect the monies from the machine and deliver to the Village offices to be deposited into the bank by the Village Fiscal Officer or Deputy Clerk.

This condition provides for the lack of safeguarding of cash assets and the possible loss or diversion of cash assets occurring and going undetected.

To correct this condition we recommended the Village implement controls to promote accountability for both cash and water usage. There should be a cash count, preferably by report, cash tape, or double counted by persons handling the cash. If counted by Village personnel a form should be used that both parties can sign for the agreement of the cash balances. The cash count should be compared to the amount of water disbursed (preferably measured by a water meter).

Officials' Response: Since the bulk water sales ended in 2010, the Board does not feel that it is financially responsible to alter the system at this point.

VILLAGE OF METAMORA
 SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2010 and 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	Noncompliance Citation: Noncompliance of Ohio Revised Code Section 731.14. Contract for material and labor for street paving project, which exceeded \$25,000 was not subjected to competitive bidding procedures.	Yes	
2008-002	Significant Deficiency: Lack of safeguarding of cash assets from sales at the water tower. Noncompliance Citation:	No	Repeated as finding 2010-001
2008-003	Noncompliance Citation: Noncompliance of Ohio Revised Code Sections 135.18 and 135.181. The security pledged by the depository was less than the Village's deposits.	Yes	

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Dave Yost • Auditor of State

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 29, 2011