

VILLAGE OF MIDDLE POINT

VAN WERT COUNTY

REGULAR AUDIT

JANUARY 1, 2005 THROUGH DECEMBER 31, 2006

YEARS AUDITED UNDER GAGAS: 2006 AND 2005

CAUDILL & ASSOCIATES CPA's

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725 5<sup>th</sup> Street  
Portsmouth, Ohio 45662





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Middle Point  
P.O. Box 191  
Middle Point, Ohio 45863

We have reviewed the *Independent Auditor's Report* of the Village of Middle Point, Van Wert County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent 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 Middle Point is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 17, 2007

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**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

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# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

## Independent Auditor's Report

Village of Middle Point  
Van Wert County  
P.O. Box 191  
Middle Point, Ohio 45863

We have audited the accompanying financial statements of the Village of Middle Point (The Village), Van Wert County, Ohio, as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as stated in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2006 and 2005. 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 governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the third following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position or cash flows of its proprietary funds, for the years then ended.

Management was unable to provide sufficient evidential matter supporting the amounts reported as income tax revenue and water and sewer receipts for the years ending December 31, 2006 and December 31, 2005. Income tax receipts were \$49,425 and \$67,087, respectively, and represented 18% and 27%, respectively, of governmental fund revenues for the years ending December 31, 2006 and December 31, 2005. Water and sewer operating cash receipts were \$157,033 and \$167,247, respectively, and represented 44%, and 100% of the proprietary funds revenues

Village of Middle Point  
Van Wert County  
Independent Auditor' Report  
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respectively for the years ending December 31, 2006 and December 31, 2005 . We were unable to determine the validity of the income tax revenue and water and sewer receipts through alternative procedures.

Also, in our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to determine the validity of the amount reported as income tax revenue and water and sewer receipts for fiscal years 2006 and 2005, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 November 9, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 audit.

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's

November 9, 2007



VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Funds Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	(Memorandum Only)
<b><u>Cash Receipts</u></b>			
Property and Other Taxes	\$ 14,561	\$ 12,669	\$ 27,230
Municipal Income Tax	49,425	-	49,425
Intergovernmental	44,016	45,307	89,323
Charges for Services	5,585	74,674	80,259
Fines, Licenses, and Permits	2,594	-	2,594
Earnings on Investments	3,492	132	3,624
Miscellaneous	9,561	1,602	11,163
Total Cash Receipts	<u>129,234</u>	<u>134,384</u>	<u>263,618</u>
<b><u>Disbursements:</u></b>			
Security of Persons and Property	6,224	65,719	71,943
Public Health Services	4,093	-	4,093
Transportation	5,012	7,034	12,046
General Government	74,427	-	74,427
Debt Service:			
Principle Payment	5,553	24,090	29,643
Interest and Fiscal Charges	6,451	4,298	10,749
Total Cash Disbursements	<u>101,760</u>	<u>101,141</u>	<u>202,901</u>
Total Receipts Over Disbursements	<u>27,474</u>	<u>33,243</u>	<u>60,717</u>
Fund Cash Balance, January 1	<u>11,097</u>	<u>93,543</u>	<u>104,640</u>
Fund Cash Balance, December 31	<u>\$ 38,571</u>	<u>\$ 126,786</u>	<u>\$ 165,357</u>

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

VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<b>Enterprise</b>
<b><u>Operating Cash Receipts:</u></b>	
Charges for Services	\$ 157,033
Total Operating Cash Receipts	157,033
<b><u>Operating Cash Disbursements:</u></b>	
Personal Services	15,895
Fringe Benefits	9,623
Contractual Services	24,852
Supplies and Materials	14,444
Total Operating Cash Disbursements	64,814
Operating Income	92,219
<b><u>Non-Operating Cash Receipts:</u></b>	
Intergovernmental Receipts	183,411
Proceeds from Notes and bonds	17,381
Miscellaneous Receipts	566
Total Non-Operating Cash Receipts	201,358
<b><u>Non-Operating Cash Disbursements:</u></b>	
Debt Service:	
Principal	(25,087)
Interest	(6,106)
Capital Outlay	(216,635)
Other Non-Operating Cash Disbursements	(225)
Total Non-Operating Cash Disbursements	(248,053)
Receipts Over Disbursements Before Interfund Transfers	45,524
Transfers-In	34,548
Transfers-Out	(34,548)
Net Receipts Over/(Under) Disbursements	45,524
Fund Cash Balance, January 1	59,497
Fund Cash Balance, December 31	\$ 105,021

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

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Funds Types</u>		Totals
	General	Special Revenue	(Memorandum Only)
<b><u>Cash Receipts</u></b>			
Property and Other Taxes	\$ 10,363	\$ 12,602	\$ 22,965
Municipal Income Tax	67,087	-	67,087
Intergovernmental	44,943	27,549	72,492
Charges for Services	5,425	68,325	73,750
Fines, Licenses, and Permits	2,631	-	2,631
Earnings on Investments	2,430	39	2,469
Miscellaneous	4,190	236	4,426
Total Cash Receipts	<u>137,069</u>	<u>108,751</u>	<u>245,820</u>
<b><u>Disbursements:</u></b>			
Security of Persons and Property	11,749	62,710	74,459
Public Health Services	3,798	-	3,798
Community Environment	4,491	-	4,491
Transportation	-	7,618	7,618
General Government	121,517	347	121,864
Debt Service:			
Principal Payment	5,067	23,121	28,188
Interest and Fiscal Charges	6,936	5,267	12,203
Financing and Other Debt-Service Related	404	-	404
Total Cash Disbursements	<u>153,962</u>	<u>99,063</u>	<u>253,025</u>
Total Receipts Over (Under) Disbursements	(16,893)	9,688	(7,205)
Fund Cash Balance, January 1	<u>27,990</u>	<u>83,855</u>	<u>111,845</u>
Fund Cash Balance, December 31	<u>\$ 11,097</u>	<u>\$ 93,543</u>	<u>\$ 104,640</u>

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

VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>Enterprise</b>
<b><u>Operating Cash Receipts:</u></b>	
Charges for Services	\$ 167,247
Total Operating Cash Receipts	167,247
<b><u>Operating Cash Disbursements:</u></b>	
Personal Services	47,256
Fringe Benefits	9,750
Contractual Services	31,640
Supplies and Materials	8,570
	88,216
Total Operating Cash Disbursements	97,216
Operating Income	70,031
<b><u>Non-Operating Cash Disbursements:</u></b>	
Debt Service:	
Principal	(74,278)
Interest	(20,484)
Capital Outlay	(4,040)
Other Non-Operating Cash Disbursements	(88)
	(98,890)
Total Non-Operating Cash Disbursements	(98,890)
Receipts Over Disbursements Before Interfund Transfers	(28,859)
Transfers-In	94,550
Transfers-Out	(94,550)
	0
Net Receipts Over/(Under) Disbursements	(28,859)
Fund Cash Balance, January 1	88,356
Fund Cash Balance, December 31	\$ 59,497

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

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Middle Point, Van Wert County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services, water and sewer utilities, and fire protection services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

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

The Village values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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

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

Fire and Emergency Medical Services Operating Fund – This fund receives revenue from contracts with other municipalities for which the Village provides fire protection services. It also receives charges for services from EMS runs.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Proprietary 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:

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

Sewer Debt Fund – This fund received loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. A utility surcharge recorded in this fund will repay the loan.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. There were no encumbrances for 2006 or 2005.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**F. 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.

**G. 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 MIDDLE POINT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2006	2005
Demand deposits	\$170,378	\$64,137
Certificate of deposit	100,000	100,000
Total deposits	\$270,378	\$164,137

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

**3. BUDGETARY ACTIVITY**

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

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$129,234	(\$129,234)
Special Revenue	0	134,384	(134,384)
Enterprise Funds	0	392,939	(392,939)
Total	\$0	\$656,557	(\$656,557)

Fund Type	Authority	Expenditures	Variance
General	\$110,909	\$101,760	\$9,149
Special Revenue	96,337	101,141	(4,804)
Enterprise Funds	246,722	347,415	(100,693)
Total	\$453,968	\$550,316	(\$96,348)

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$131,725	\$137,069	\$5,344
Special Revenue	101,315	108,751	7,436
Enterprise Funds	241,646	261,797	20,151
Total	\$474,686	\$507,617	\$32,931

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**3. BUDGETARY ACTIVITY (Continued)**

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,862	\$153,962	(\$39,100)
Special Revenue	99,872	99,063	809
Enterprise Funds	251,219	290,656	(39,437)
Total	\$465,953	\$543,681	(\$77,728)

During 2006, all fund appropriations exceeded estimated resources due to the Village's failure to obtain a certificate of estimated resources.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**5. LOCAL INCOME TAX**

The village levies a municipal income tax of 1.5 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 village 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, 2006 was as follows:

	Principal	Interest
Ohio Water Development Authority Loan (#2803)	\$560,467	2.00%
Ohio Water Development Authority Loan (#4604)	1,381	2.00%
Ohio Public Works Commission	16,000	0.00%
Mortgage - Community Building	90,363	7.00%
Fire Truck Lease	78,496	4.19%
Total deposits	\$746,707	



**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**6. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loan #2803 relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$31,193, including interest, over 25 years. The loan is collateralized by the water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4604 relates to the water tower replacement project. The loan will be repaid in semiannual installments over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Village has been approved to borrow \$101,747, however, as of December 31, 2006, only \$1,381 has been disbursed.

The Ohio Public Works Commission (OPWC) loan relates to the water tower replacement project. The interest free loan will be repaid in semiannual installments of \$400 over a 20 year period. The loan is collateralized by water and sewer receipts. The village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The mortgage loan relates to the purchase of a community building. The loan was issued in the Village's name during 1999, however, the community Building committee made the required payments through May, 2001. The Village reissued the debt with the first annual payment due during the year 2002 and the final payment during the year 2014 which includes a balloon payment.

During the year 2003, the Village entered into a lease purchase for a new fire truck. This lease is payable in six annual installments. Title to the fire truck transferred to the village upon entering into the lease.

Amortization of the above debt, including interest, follows:

Year ending December 31:	OWDA LOAN #2803	OWDA LOAN #4604	OPWC LOAN	MORTGAGE	FIRE TRUCK LEASE
2007	\$ 62,386	\$ 1,381	\$ 1,600	\$ 7,987	\$ 28,388
2008	62,386	-	800	7,987	28,388
2009	62,386	-	800	7,987	28,388
2019	62,386	-	800	7,987	-
2011	62,386	-	800	7,987	-
2012-2016	311,930	-	4,000	98,023	-
2017-2021	-	-	7,200	-	-
<b>Total</b>	<b>\$ 623,860</b>	<b>\$ 1,381</b>	<b>\$ 16,000</b>	<b>\$ 137,958</b>	<b>\$ 85,164</b>

**7. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5 percent of their gross wages, respectively, and the Village contributed an amount equal to 13.7 and 13.55 percent, respectively, of participants' gross salaries. As of December 31, 2006, the Village owed \$4,874 to OPERS. It has since been paid.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the “Plan”), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is 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 coverages, modified for each Member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member’s deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>\$3,329,620</u>	<u>\$2,748,639</u>
Retained Earnings	<u>\$6,290,528</u>	<u>\$5,470,791</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**9. COMPLIANCE**

Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not properly certify funds prior to a commitment being paid during 2006.

Contrary to Ohio Rev. Code Section 5705.41 (B), the Village expenditures exceeded appropriations in all funds for 2006 due to the Village’s failure to file appropriations with the County Auditor. 2005 was filed late with the County Auditor.

Contrary to Ohio Rev. Code Section 5705.36 (A)(1), the Village did not certify to the County Auditor the total amount from all sources which is available for expenditures for fiscal year 2006.

Contrary to Ohio Rev. Code Section 5705.30, the Village did not submit to the County Auditor an adopted tax budget by the July 20<sup>th</sup>. 2005 tax budget was filed in August 2005 and the 2006 tax budget was not filed with the County Auditor.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**9. COMPLIANCE (Continued)**

Contrary to Ohio Rev. Code Section 5705.39, the Village did not file a certificate of available balances, obtain a certificate of estimated revenue, or file an appropriation resolution for 2006.

Contrary to Ohio Rev. Code Section 5705.40, the Village did not have an effective appropriation measure for 2006 due to failure to file with the County Auditor. Contrary to Ohio Rev. Code Section 149.351, the Village could not present supporting documentation for several expenditures tested.

Contrary to Ohio Rev. Code Section 149.351, the Village could not present for audit all monthly reports and records from the utility billing system for 2006 and 2005.

**10. SUBSEQUENT EVENT**

The Village purchased an ambulance for \$20,000 in 2007. \$13,000 was financed through US Bank, with an interest rate of 5.6% and semiannual payments for 3 years.

**11. TRANSFERS**

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

A debt covenant requires the Village to make deposits to several funds including: a sinking and equipment replacement fund. Deposits should be made to the sinking fund to pay the principal and interest of the notes. Deposits should be made to the equipment replacement fund to replace equipment needed by the sewer department. In 2006, the Village made a transfer from the Sewer Operating Fund in the amount of \$34,548. \$31,193 was transferred to the sinking fund and \$3,355 to the equipment replacement fund. In 2005, the Village made a transfer from the Sewer Operating Fund in the amount of \$94,550. The entire \$94,550 was transferred to the sinking fund for the Sewer Operating Fund's debt obligation.

# Caudill & Associates, CPA's

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Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

## **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***

Village Council  
Village of Middle Point  
P.O. Box 191  
Middle Point, Ohio 45863

We have audited the accompanying cash-basis financial statements of The Village of Middle Point (the Village), Van Wert County, as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's financial statements, and have issued our report thereon dated November 9, 2007, which was qualified for lack of evidential matter regarding income tax and water and sewer revenues for fiscal years 2006 and 2005. We also noted the Village uses a comprehensive basis of accounting other than generally accepted accounting principles. Except for the scope limitation described above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items No. 2006-007, 2006-008, 2006-009, 2006-010, 2006-011, 2006-012, 2006-013, 2006-014, 2006-015, and 2006-016.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Village of Middle Point

Van Wert County

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*

Page 2

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 significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the following deficiencies described in the accompanying schedule of findings and responses to be material weaknesses in internal control over financial reporting as items 2006-012, 2006-013, 2006-014, 2006-015 and 2006-016.

### **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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed seven instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items No. 2006-001, 2006-002, 2006-003, 2006-004, 2006-005, 2006-006, and 2006-012.

We noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated November 9, 2007.

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

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

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's

November 9, 2007

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Noncompliance Citation - Ohio Rev. Code Section 5705.30**

Ohio Revised Code Section 5705.30 states that the budget, after adoption, shall be submitted to the county auditor on or before the twentieth day of July. Any subdivision that fails to submit its budget to the county auditor on or before the twentieth day of July, unless the commissioner on or before the twentieth day of July prescribes a later date for submission of the budget by that subdivision, shall not receive an apportionment from the undivided local government fund distribution for the ensuing calendar year, unless upon review of the matter the commissioner determines that the budget was adopted by the subdivision on or before the fifteenth day of July, but was not submitted to the county auditor by the twentieth day of July or the later time prescribed by the commissioner because of ministerial error by the subdivision or its officers, employees, or other representatives.

The 2005 tax budget was not filed with the County Auditor until August of 2005.

The 2006 tax budget was passed by Council July 13, 2005, however no documentation of filing with the County Auditor was provided.

The Village should file the budget with the County Auditor by July twentieth of the given year.

**Village Response:**

No Response from Village Officials.

**FINDING NUMBER 2006-002**

**Noncompliance Citation – Ohio Rev. Code Section 5705.36(A)(1)**

Ohio Rev. Code Section 5705.36 states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not certify to the County Auditor the total amount from all sources which were available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year for 2006.

The Village should certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year.

**Village Response:**

No Response from Village Officials.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-003**

**Noncompliance Citation – Ohio Rev. Code Section 5705.39**

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Village did not file a certificate of available balances, obtain a certificate of estimated revenue, or file an appropriation resolution for 2006; therefore, the Village did not receive a certificate from the county auditor.

The Village should file and obtain the appropriate certificates from the County Auditor.

**Village Response:**

No Response from Village Officials.

**FINDING NUMBER 2006-004**

**Noncompliance Citation – Ohio Rev. Code Section 5705.40**

Any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them. Transfers may be made by resolution or ordinance from one appropriation item to another. Subject to certain limitations, the annual appropriation measure may contain an appropriation for contingencies.

No effective appropriation measure was in place for 2006 due to the Villages failure to file with the County Auditor certificates of estimated revenue and appropriation resolutions for certification. UAN included entries of amended appropriations, however, no amendments were provided by the Clerk and no mention of Council approval was noted in the minute review.

Amended or supplemental appropriations need to be issued and approved by Council.

**Village Response:**

No Response from Village Officials.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-005**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(B)**

**Ohio Revised Code Section 5705.41(B)**, states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations in all funds for 2006 as a result of the Village’s failure to file appropriations with the County Auditor. In 2005, the expenditures exceeded appropriations in the General Fund, Water and Sewer Funds. Failure to limit expenditures by approving appropriations and obtaining certificate by the County Auditor could result in deficit spending and deficit fund balances.

The Village should approve appropriation amounts and obtain certificate from the County Auditor. When expenditures exceed the approved appropriation amounts, amended or supplemental appropriations need to be issued and approved by Council.

**Village Response:**

No Response from Village Officials.

**FINDING NUMBER 2006-006**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D)**

Ohio Rev. Code Section 5705.41 (D) (1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D) (1):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the

process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.



**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D) (Continued)**

48% of the expenditures tested were not properly certified in 2005 and 41% in 2006.

We recommend the Village implement policies to ensure that all purchases first have monies certified by the Clerk Treasurer before purchasing or ordering an item. We also recommend the use of a “then and now” certificate in instances of emergency or absence of proper authority.

**Village Response:**

No Response from Village Officials.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2006-007**

**Payroll Procedures – Significant Deficiency**

In 2006 and 2005, timesheets were not always signed by a supervisor prior to payment. Failure to review and authorize timesheets could lead to errors and discrepancies in hours compensated.

We recommend the Council develop and adopt appropriate procedures to ensure that all time sheets are properly reviewed and authorized.

**Village Response:**

No Response from Village Officials.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-008**

**Misclassification of Receipts, Disbursements, and Debt Payments – Significant Deficiency**

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 112 establishes standards, responsibilities and guidance for auditor during a financial statements audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

During 2006 and 2005, the Village erroneously posted receipts, disbursements, and debt payments. This required reclassifications to properly present the activity of the Village for both years.

We recommend the Village implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

**Village Response:**

No Response from Village Officials.

**FINDING NUMBER 2006-009**

**Monitoring Financial Reports and Budget – Significant Deficiency**

For each regular meeting, the Clerk presents the council with detailed budget and actual financial statements, lists of investments, cash balances, and reconciliation reports. However, there is no documentation that council reviews the aforementioned information and makes appropriate inquiries to help determine the continued integrity of financial information.

The lack of proper reviews of reports generated from the accounting system could allow for errors or irregularities occurring without detection in the normal course of business on a timely basis.

Village Council should maintain documentation to support the review and approval of financial reports and could do so by a notation in the minute record or initialing documents reviewed. Also Council should investigate any failures to meet reporting requirements and/or unusual delays in obtaining financial information or providing financial reports.

**Village Response:**

No Response from Village Officials.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-010**

**Income Tax Ledger – Significant Deficiency**

The Village is not timely recording revenues into the tax system, or into the UAN financial system.

Income tax receipts should be posted timely into both the tax system and into the UAN financial system. Timely posting of receipts better allows the Village to keep track of income tax revenues received and allows for tracking of delinquent accounts and non-filers.

**Village Response:**

No Response from Village Officials.

**FINDING NUMBER 2006-011**

**Income Tax Policy – Significant Deficiency**

A written policy does not exist concerning procedures for the collection, or writing-off, of unpaid income tax accounts, which has resulted in a significant number of income tax accounts that have been uncollected for a number of years and has caused a loss of revenue for the village.

A written policy should be established to outline the procedures to be followed for the collection and/or writing-off of unpaid income tax accounts.

**Village Response:**

No Response from Village Officials.

**FINDING NUMBER 2006-012**

**Noncompliance Citation – Ohio Rev. Code Section 149.351 – Material Weakness**

**Ohio Rev Code Section 149.351** states all records are property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code Section 149.41. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

The Village could not present for audit all monthly reports and records from the utility billing system for 2006 and 2005.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Noncompliance Citation – Ohio Rev. Code Section 149.351 – Material Weakness (Continued)**

The Village should print and maintain all relevant reports and supporting documentation for all Village business.

**Village Response:**

No Response from Village Officials.

**FINDING NUMBER 2006-013**

**Income Tax Revenues – Material Weakness**

During the first nine months of 2005, the Village utilized an income tax software program which was not maintained up-to-date. The reports generated from the system were incomplete and at times inaccurate.

In response to auditor concerns, the Village implemented a tax data base system utilizing Access in late 2005. However, the Village could not produce auditable records for 2005 and 2006, including receipt ledgers and a record of each taxpayers' payments. Additionally, income tax receipts showed large variances between years (decrease of 26.33% in 2006 compared to 2005 and an increase of 17.64% in 2005 compared to 2004) and no supporting documentation or analytical information was provided.

The absence of a system to show complete, accurate and timely transactions taking place through the income tax collection process could allow for errors or irregularities occurring without detection in the normal course of business on a timely basis.

A system should be devised for tracking income tax transactions which should include:

- a) A master file of all potential taxpayers and a method to assure that additions to and deletions from this listing are posted to listings on a timely basis, (Utility accounts and new hookups could be used as a means to assure that completeness of the master file.)
- b) A listing of additions and deletions complete with dates should be maintained,
- c) A record of each taxpayer for the given year showing the payment of taxes, taxes owed, dates of payments, penalties and any other information necessary to assess the completeness, accuracy, and timeliness of tax receipts, and
- d) Daily, weekly or other subsidiary receipt ledgers designed to act as a control to identify receipts by taxpayer (amount, date, penalty, if necessary) and any other information necessary to accurately track receipts. These subsidiary records should then be used as a basis for posting to the master file of all taxpayers.

**Village Response:**

No Response from Village Officials.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-014**

**Utility Revenues – Material Weakness**

The Village utilizes a software program to produce the customer billing reports and payments are recorded, when received. Detailed reports are to be printed daily and reconciled to the UAN (Uniform Accounting Network) register report. Several reconciling reports for the years 2005 and 2006 could not be produced for audit and several that were provided were not adequately reconciled, as noted by the Clerk.

Additionally, utility receipts showed large variances between years and no supporting documentation or analytical information was provided.

Not adequately utilizing the system and maintaining appropriate reconciliations between the Utility system and the UAN accounting system could allow for errors or irregularities occurring without detection in the normal course of business on a timely basis and could result in misstatements of financial statements.

We recommend reconciliations between the utility system and UAN be completed daily and any variances be reviewed. All reports and supporting documentation should be maintained.

We also recommend a method of analytical review be done monthly to help recognize large variances in utility receipts and take appropriate actions.

**Village Response:**

No Response from Village Officials.

**FINDING NUMBER 2006-015**

**Payroll Records and Reports – Material Weakness**

**Internal Revenue Service (IRS)**

IRS Reports #941, Employer's Quarterly Tax Returns, were not always completed accurately during 2006. As a result, approximately \$7,518 in salary and wages were unreported during the audit period. Incorrect completion of payroll reports could cause errors in computing tax liability.

We recommend the Village file 941's accurately, based on wages earned per quarter. Wages submitted should be reconciled with payroll expenses recorded on the Village financial records. Annual reconciliation of wages reported on the 941's to W-3 reported wages and to the Village financial records should also be completed to help assure accurate payroll reporting and financial statements.

**Ohio Public Employees Retirement System (OPERS)**

For the year ended 2006, the Village failed to make all required payments to the Ohio Public Employees System. The deficit totaled \$4,874. It has since been paid.

Fiscal officers are required by law to withhold contributions for all employees who are subject to compulsory membership and for those employees for who membership is optional who have chosen to become contributors.

**VILLAGE OF MIDDLE POINT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2006 AND 2005**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-015**

**Payroll Records and Reports – Material Weakness (Continued)**

Employee contributions withheld and employer contributions must be sent to OPERS with the proper reports. Employers can remit contributions by check or electronic funds transfer. Reporting can be done through paper reports or online through ECS. Failure to send contributions and reports on a timely basis result in assessments of penalties and interest. Accurate reporting is essential for employees to receive the proper service credit and to ensure the proper employer contributions have been received.

We recommend the Village accurately report credit hours and submit timely employee and employer contributions to avoid late fees, penalties, and interest payments. The Village should reconcile the OPERS amounts withheld and employer matching amounts with amounts paid. Supporting documentation should be kept with all payments made.

**Bureau of Workers Compensation Records**

The Village failed to provide the Bureau of Worker’s Compensation reports for both 2006 and 2005 for auditing purposes. Failure to submit accurate, timely information to the Bureau of Worker’s Compensation could result in penalties and fines.

We recommend the Village file accurate, timely reports to the Bureau, based on payroll expenditures and proper job classifications.

**Village Response:**

No Response from Village Officials.

**FINDING NUMBER 2006-016**

**Lack of Segregation – Material Weakness**

The Clerk handles all financial record-keeping, including posting receipts and making disbursements. Checks currently require only one signature.

To reduce the risk of potential errors and fraud, we recommend the Village adopt a policy requiring a minimum of two signatures on all checks written over \$500. We also recommend the second signature be an individual that serves on the Village Council.

**Village Response:**

No Response from Village Officials.

**Village of Middle Point**  
**Van Wert County**  
*Schedule of Prior Audit Findings*  
*For the Fiscal Years Ended December 31, 2006 and 2005*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	ORC Section – 733.28, Failure to record all transactions on the books	Yes	
2004-002	ORC Section – 5705.36 Failure to file an Amended Certificate of Estimated Resources	No	See finding 2006 - 002
2004-003	ORC Section – 5705.39 – Appropriations exceeded estimated resources	No	See finding 2006 - 003
2004-004	ORC Section 5705.41(B)	No	See finding 2006 - 005
2004-005	Income Tax Revenues and System	No	See finding 2006 - 011
2004-006	Monthly Bank-to-Book Reconciliation	Yes	Closed the payroll account
2004-007	Failure to obtain SAS 70 Report for Third Party Administrator	Yes	





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF MIDDLE POINT**

**VAN WERT 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 27, 2007**