

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY  
Regular Audit  
December 31, 2009 and 2008**

***Perry & Associates***  
Certified Public Accountants, A.C.



# Mary Taylor, CPA

Auditor of State

Members of Village Council  
Village of Middleport  
237 Race Street  
Middleport, Ohio 45760

We have reviewed the *Independent Accountants' Report* of the Village of Middleport, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 9, 2010

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

June 18, 2010

Village of Middleport  
Meigs County  
237 Race Street  
Middleport, OH 45760

To the Village Council:

We have audited the accompanying financial statements of the **Village of Middleport, Meigs County, Ohio**, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, the Village has prepared these financial statements using the 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.

Instead of the combined funds the accompanying financial statements present, GAAP require 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 GAAP presentation requirements. The Auditor of the 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, 2009 and 2008 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, 2009 and 2008 or their changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Middleport, Meigs County, as of December 31, 2009 and 2008, 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 June 18, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF MIDDLEPORT  
MEIGS 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**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 95,884	\$ 53,402	\$ -	\$ -	\$ 149,286
Municipal Income Taxes	264,014	-	-	-	264,014
Intergovernmental	118,947	169,321	-	-	288,268
Special Assessments	-	-	79,410	-	79,410
Charges for Services	25,460	193,593	-	-	219,053
Fines, Licenses, and Permits	151,480	16,989	-	-	168,469
Interest	6,645	380	-	-	7,025
Miscellaneous	1,852	5,105	-	-	6,957
<b>Total Cash Receipts</b>	<u>664,282</u>	<u>438,790</u>	<u>79,410</u>	<u>-</u>	<u>1,182,482</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	422,799	27,522	-	-	450,321
Leisure Time Activities	-	54,689	-	-	54,689
Community Environment	-	600	-	-	600
Basic Utility Services	-	175,218	-	-	175,218
Transportation	-	117,753	-	-	117,753
General Government	185,249	4,335	-	-	189,584
Debt Service:					
Redemption of Principal	6,309	43,727	-	-	50,036
Interest and Fiscal Charges	3,181	11,157	-	-	14,338
Capital Outlay	25,372	-	-	-	25,372
<b>Total Cash Disbursements</b>	<u>642,910</u>	<u>435,001</u>	<u>-</u>	<u>-</u>	<u>1,077,911</u>
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>21,372</u>	<u>3,789</u>	<u>79,410</u>	<u>-</u>	<u>104,571</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Debt Proceeds	25,372	-	-	-	25,372
Transfer-Out	(1,161)	-	-	-	(1,161)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>24,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,211</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	45,583	3,789	79,410	-	128,782
<b>Fund Cash Balances, January 1</b>	<u>97,833</u>	<u>117,049</u>	<u>75,411</u>	<u>87,720</u>	<u>378,013</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 143,416</b></u>	<u><b>\$ 120,838</b></u>	<u><b>\$ 154,821</b></u>	<u><b>\$ 87,720</b></u>	<u><b>\$ 506,795</b></u>

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 713,522	\$ -	\$ 713,522
Other Operating Receipts	2,025	-	2,025
Total Operating Cash Receipts	<u>715,547</u>	<u>-</u>	<u>715,547</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	269,579	-	269,579
Employee Fringe Benefits	151,243	-	151,243
Contractual Services	133,287	-	133,287
Supplies and Materials	172,293	-	172,293
Other	6,507	-	6,507
Total Operating Cash Disbursements	<u>732,909</u>	<u>-</u>	<u>732,909</u>
Operating Income / (Loss)	<u>(17,362)</u>	<u>-</u>	<u>(17,362)</u>
<b>Non-Operating Cash Receipts/(Disbursements):</b>			
Intergovernmental	490,677	-	490,677
Debt Proceeds	995,475	-	995,475
Miscellaneous	2,100	-	2,100
Capital Outlay	(997,731)	-	(997,731)
Other Non-Operating Receipts	-	157,012	157,012
Other Non-Operating Disbursements	-	(159,767)	(159,767)
Redemption of Principal	(537,648)	-	(537,648)
Interest and Other Fiscal Charges	(18,544)	-	(18,544)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(65,671)</u>	<u>(2,755)</u>	<u>(68,426)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	(83,033)	(2,755)	(85,788)
Transfer-In	<u>1,161</u>	<u>-</u>	<u>1,161</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(81,872)	(2,755)	(84,627)
Fund Cash Balances, January 1	<u>417,769</u>	<u>3,722</u>	<u>421,491</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 335,897</u></b>	<b><u>\$ 967</u></b>	<b><u>\$ 336,864</u></b>

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent</b>	
<b>Cash Receipts:</b>					
Property Tax and Local Taxes	\$ 92,416	\$ 70,268	\$ -	\$ -	\$ 162,684
Municipal Income Taxes	226,028	-	-	-	226,028
Intergovernmental	125,180	100,096	-	-	225,276
Special Assessments	-	-	67,460	-	67,460
Charges for Services	10,044	194,666	-	-	204,710
Fines, Licenses, and Permits	122,742	13,803	-	-	136,545
Interest	15,406	1,362	-	-	16,768
Miscellaneous	8,207	104	-	-	8,311
<b>Total Cash Receipts</b>	<b>600,023</b>	<b>380,299</b>	<b>67,460</b>	<b>-</b>	<b>1,047,782</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	362,271	42,426	-	-	404,697
Basic Utility Services	-	187,313	-	-	187,313
Transportation	-	95,834	-	-	95,834
General Government	156,793	6,412	-	-	163,205
Debt Service:					
Redemption of Principal	43,724	42,247	99,973	-	185,944
Interest and Fiscal Charges	1,884	16,339	-	-	18,223
<b>Total Cash Disbursements</b>	<b>564,672</b>	<b>390,571</b>	<b>99,973</b>	<b>-</b>	<b>1,055,216</b>
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<b>35,351</b>	<b>(10,272)</b>	<b>(32,513)</b>	<b>-</b>	<b>(7,434)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Fixed Assets	-	500	-	-	500
Transfer-Out	(3,690)	-	-	-	(3,690)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(3,690)</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>(3,190)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>31,661</b>	<b>(9,772)</b>	<b>(32,513)</b>	<b>-</b>	<b>(10,624)</b>
<b>Fund Cash Balances, January 1</b>	<b>66,172</b>	<b>126,821</b>	<b>107,924</b>	<b>87,720</b>	<b>388,637</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 97,833</b>	<b>\$ 117,049</b>	<b>\$ 75,411</b>	<b>\$ 87,720</b>	<b>\$ 378,013</b>

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



**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 619,894	\$ -	\$ 619,894
Other Operating Receipts	5,903	-	5,903
Total Operating Cash Receipts	<u>625,797</u>	<u>-</u>	<u>625,797</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	205,377	-	205,377
Employee Fringe Benefits	94,966	-	94,966
Contractual Services	112,731	-	112,731
Supplies and Materials	109,314	-	109,314
Other	9,256	-	9,256
Total Operating Cash Disbursements	<u>531,644</u>	<u>-</u>	<u>531,644</u>
Operating Income / (Loss)	<u>94,153</u>	<u>-</u>	<u>94,153</u>
<b>Non-Operating Cash Receipts/(Disbursements):</b>			
Debt Proceeds	83,549	-	83,549
Miscellaneous	2,480	-	2,480
Capital Outlay	(83,573)	-	(83,573)
Other Non-Operating Receipts	-	120,266	120,266
Other Non-Operating Disbursements	-	(122,126)	(122,126)
Redemption of Principal	(59,046)	-	(59,046)
Interest and Other Fiscal Charges	(18,156)	-	(18,156)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(74,746)</u>	<u>(1,860)</u>	<u>(76,606)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	<u>19,407</u>	<u>(1,860)</u>	<u>17,547</u>
Transfer-In	<u>3,690</u>	<u>-</u>	<u>3,690</u>
Net Cash Receipts Over/(Under) Cash Disbursements	23,097	(1,860)	21,237
Fund Cash Balances, January 1 (Restated - See Note 9)	394,672	5,582	400,254
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 417,769</u></b>	<b><u>\$ 3,722</u></b>	<b><u>\$ 421,491</u></b>

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Village of Middleport, Meigs County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

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

**B. Accounting Basis**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**Change in Basis of Accounting**

Last audit period the Village implemented the cash basis of accounting. The fund financial statements presented each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. This audit period the Village has elected to report fund financial statements by fund type using the regular basis of accounting as prescribed by the Auditor of State's office.

**C. Deposits and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village has 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.

Multi-Purpose Trail Fund – This fund receives Ohio Department of Transportation grant money for the development of a multi-purpose trail in the Village.

Fire Truck Fund – This fund receives tax monies to purchase fire trucks.

Refuse Fund – This fund accounts for the receipts and disbursements related to trash collection and disposal in the Village. The Village contracts with a private vendor for this service.

**3. Capital Projects 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 projects funds:

Water Improvement Fund – This fund receives a portion of special assessment revenue to pay for water system capital improvements of the Village.

Sewer Improvement Fund – This fund receives a portion of special assessment revenue to pay for sewer system capital improvements of the Village.

**4. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant Permanent Fund:

Cemetery Bequest Fund – This Nonexpendable Trust Fund maintains the trust corpus and receives the interest income earned.

**5. 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 Operating Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**D. Fund Accounting (Continued)**

**5. Enterprise Funds (Continued)**

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

**6. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village's agency fund accounts for the receipt and distribution of Mayor's Court fines and forfeitures.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and 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. 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 closed and need to be reappropriated in the subsequent year.

A summary of 2009 and 2008 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.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**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.

**2. EQUITY IN POOLED DEPOSITS**

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

	2009	2008
Demand deposits	\$ 755,940	\$ 708,879
Certificates of deposit	87,719	90,625
Total deposits	\$ 843,659	\$ 799,504

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 663,806	\$ 689,654	\$ 25,848
Special Revenue	418,836	438,790	19,954
Capital Projects	62,000	79,410	17,410
Enterprise	1,566,006	2,204,960	638,954
Total	\$ 2,710,648	\$ 3,412,814	\$ 702,166

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 761,639	\$ 644,071	\$ 117,568
Special Revenue	518,440	435,001	83,439
Enterprise	1,852,715	2,286,832	(434,117)
Total	\$ 3,132,794	\$ 3,365,904	\$ (233,110)

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 528,477	\$ 600,023	\$ 71,546
Special Revenue	327,971	380,799	52,828
Capital Projects	58,580	67,460	8,880
Enterprise	480,791	715,516	234,725
Total	\$ 1,395,819	\$ 1,763,798	\$ 367,979

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 594,649	\$ 568,362	\$ 26,287
Special Revenue	467,834	390,571	77,263
Capital Projects	129,000	99,973	29,027
Enterprise	686,699	692,419	(5,720)
Total	\$ 1,878,182	\$ 1,751,325	\$ 126,857

**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 payment, 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 TAXES**

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

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% respectively, of participants' gross salaries. The Village had paid all contributions required through December 31, 2009.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance coverage for the following risks:

- Comprehensive property and general liability
- Vehicles; and
- Errors and omissions

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

**8. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest</u>
Water Mortgage Revenue Bond	\$ 57,777	5.25%
OWDA #1749	55,343	8.09%
OWDA #3429	291,795	2.00%
OWDA - 4964/5307	186,026	1.00%
OWDA - 5130/5247	347,063	0.00%
OPWC - Rutland St.	178,823	3.00%
Peoples Bank - Fire Truck	40,269	5.75%
Sun Trust Bank - Fire Truck	215,326	4.32%
Peoples Bank - 2009 Cruiser	23,056	3.89%
Peoples Bank - Ford Truck	27,728	4.00%
Peoples Bank - Garage Annex	23,104	4.00%
Total	<u>\$ 1,446,310</u>	

The Ohio Water Development Authority (OWDA) loan #1749 relates to a water construction project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$8,371, including interest, over 25 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan #3429 relates to a sewer lift station project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$13,249, including interest, over 21 years. Sewer receipts secure the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**8. DEBT (Continued)**

The OWDA loan #4964/5307 loan relates to a sewer long term control plan and hydraulic modeling project that was mandated by the Ohio Environmental Protection Agency. This loan has not been fully dispersed as of December 31, 2009, and no amortization schedule is available for its repayment.

The OWDA loan #5130/5247 loan relates to a water well abandonment and distribution improvement project that was mandated by the Ohio Environmental Protection Agency. This project is partially funded through Federal ARRA grant funding projects, with \$309,275 in principal forgiven as of December 31, 2009. This loan has not been fully dispersed as of December 31, 2009, and no amortization schedule is available for its repayment.

The Ohio Public Works Commission (OPWC) loan relates to the above-mentioned sewer lift station project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$8,357, including interest, over 20 years. Sewer receipts secure the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Peoples Bank Fire Truck loan will be repaid in semi-annual installments of \$10,857, including interest, through 2011. The Sun Trust Bank Fire Truck loan will be repaid in semi-annual installments of \$17,986, including interest, through October 2016. The Peoples Bank 2009 Police Cruiser loan will be repaid in semiannual installments of \$2,821, including interest, through 2014. The Peoples Bank Ford Truck loan will be repaid in monthly installments of \$553, including interest, through 2014. The Peoples Bank Garage Annex loan will be repaid in monthly installments of \$461, including interest, through 2014.

The Village retired several loans during the audit period. The Peoples Bank 2005 Police Cruiser loan had an outstanding balance at December 31, 2007 of \$7,946 instead of \$8,246. This loan was retired in 2009. The Peoples Bank 2005 Mark V Demo loan had an outstanding balance at December 31, 2007 of \$39,084 instead of \$39,094. This loan was retired in 2008. The Ohio Water Development Authority (OWDA) loan #3385 had an outstanding balance at December 31, 2007 of \$58,768 instead of \$56,768. This loan was retired in 2008. The OWDA #5134 loan was issued in 2009 for the SolarBees sewer project. The total loan amount of \$181,402 was forgiven as part of Federal grant funding projects.

The following is a summary of the Village's future annual debt service requirements:

<u>Water Revenue Bond</u>			<u>Peoples Bank - Fire Truck</u>			<u>Sun Trust - Fire Truck</u>		
Year	Principal	Interest	Year	Principal	Interest	Year	Principal	Interest
2010	\$ 28,889	\$ 3,033	2010	\$ 19,677	\$ 2,037	2010	\$ 26,962	\$ 9,011
2011	<u>28,888</u>	<u>1,517</u>	2011	<u>20,592</u>	<u>889</u>	2011	28,139	7,834
Total	<u>\$ 57,777</u>	<u>\$ 4,550</u>		<u>\$ 40,269</u>	<u>\$2,926</u>	2012	29,367	6,606
						2013	30,649	5,324
						2014	31,987	3,986
						2015-16	<u>68,222</u>	<u>3,723</u>
							<u>\$215,326</u>	<u>\$ 2,926</u>



**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**8. DEBT (Continued)**

<u>Peoples Bank – 2009 Cruiser</u>			<u>Peoples Bank – Ford Truck</u>			<u>Peoples Bank – Garage Annex</u>		
Year	Principal	Interest	Year	Principal	Interest	Year	Principal	Interest
2010	\$ 4,779	\$ 862	2010	\$ 5,633	\$ 1,007	2010	\$ 4,694	\$ 839
2011	4,970	672	2011	5,863	777	2011	4,886	647
2012	5,166	475	2012	6,102	538	2012	5,085	448
2013	5,373	268	2013	6,350	290	2013	5,292	241
2014	<u>2,768</u>	<u>54</u>	2014	<u>3,780</u>	<u>50</u>	2014	<u>3,147</u>	<u>42</u>
Total	<u>\$23,056</u>	<u>\$ 2,331</u>	Total	<u>\$ 27,728</u>	<u>\$ 2,662</u>	Total	<u>\$ 23,104</u>	<u>\$ 2,217</u>

<u>OWDA #3429</u>			<u>OPWC</u>			<u>OWDA #1749</u>		
Year	Principal	Interest	Year	Principal	Interest	Year	Principal	Interest
2010	\$ 20,766	\$ 5,733	2010	\$ 11,434	\$ 5,280	2010	\$ 12,266	\$ 4,477
2011	21,184	5,315	2011	11,780	4,934	2011	13,258	3,485
2012	21,610	4,889	2012	12,136	4,278	2012	14,330	2,412
2013	22,044	4,455	2013	12,502	4,211	2013	<u>15,489</u>	<u>1,254</u>
2014	22,487	4,012	2014	12,880	3,833	Total	<u>\$ 55,343</u>	<u>\$11,628</u>
2015-19	119,399	13,095	2015-19	70,481	13,086			
2020-22	<u>64,305</u>	<u>1,942</u>	2020-22	<u>47,610</u>	<u>2,531</u>			
Total	<u>\$291,795</u>	<u>\$39,441</u>	Total	<u>\$178,823</u>	<u>\$38,153</u>			

**9. PRIOR PERIOD RESTATEMENT**

The Village posted an adjustment in 2008:

	<u>Agency</u>
Balance as of December 31, 2007	\$ -
Auditor Adjustments	<u>5,582</u>
Adjusted Fund Balance	<u>\$ 5,582</u>

The Village's Mayor's Court Agency Fund balance was adjusted to include the Mayor's Court bank account balance previously not recorded on the Village's books.

**10. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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

***Perry & Associates***  
**Certified Public Accountants, A.C.**

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

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

June 18, 2010

Village of Middleport  
Meigs County  
237 Race Street  
Middleport, OH 45760

To the Village Council:

We have audited the financial statements of the **Village of Middleport, Meigs County, Ohio** (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 18, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**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 audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

### Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 18, 2010.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Material Weakness**

**Posting Receipts and Expenditures**

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2009 and 2008, several receipts and expenditures were not posted to accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Mayor's Court activity not properly recorded in the Mayor's Court Agency Fund
- Income tax receipts recorded as Property and Local Taxes instead of Municipal Income Tax in the General Fund
- Income tax collections recorded at net of collection fees instead of gross in the General Fund
- Portions of debt payments recorded as Interest instead of Redemption of Principal in the General, Water Operating, and Sewer Operating Funds
- Special assessment receipts recorded as Property and Local Taxes in the General Fund instead of Special Assessments in the Water Improvement Fund
- A portion of a manufactured home tax receipt recorded as Property and Local Taxes in the General Fund instead of the Fire Truck Fund
- Personal property tax receipts recorded as Intergovernmental instead of Property and Local Taxes in the General and Fire Truck Funds
- Motor vehicle license tax receipts recorded as Property and Local Taxes instead of Intergovernmental receipts in the Street Construction, Maintenance, and Repair Fund
- Capitalized interest not recorded for OWDA loans in the Water Improvement, Water Operating, and Sewer Operating Funds
- Debt proceeds recorded as Other Financing Sources and Contractual Services instead of Debt Proceeds and Capital Outlay in the General, Water Operating, and Sewer Operating Funds
- Principal loan forgiveness Federal stimulus monies not recorded as Intergovernmental receipts and Redemption of Principal expenditures in the Water Operating and Sewer Operating Funds
- Law Enforcement Trust Fund activity not properly recorded in the Law Enforcement Trust Fund

Not posting revenues and expenditures accurately resulted in the financial statements requiring several adjustments and reclassifications. The financial statements reflect all reclassifications and adjustments. Village management agrees with the adjustments, and all adjustments have been made to the Village's accounting system.

We recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

**Management's Response** – The Village will correct its methods and use correct accounts.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-002**

**Material Weakness**

**Law Enforcement Trust Fund Receipt and Disbursement Activity**

Village Council established a Law Enforcement Trust Fund and corresponding bank account to account for activity related to the activities of the police department. However, it was determined the Village did not record receipts and disbursements for the Law Enforcement Trust Fund on the Village's system. It was also determined that various receipts and disbursements were made from and into the bank account, however we found no evidence of duplicate receipts being prepared for revenues or invoices to support expenditures from this account.

Revenue and expenditure amounts were determined to be immaterial to the financial statements and through alternative procedures, we were able to determine expenditures made were for a proper public purpose. However, this condition could result in monies being disbursed for goods and services that were not actually the Village's or were not for a proper public purpose. Without proper documentation, the Village is unable to determine that the amounts posted were the actual amount received.

We recommend the following:

- All activity from the Law Enforcement Trust Fund is recorded within the Village's financial system.
- No monies of the Village are paid for goods or services without proper supporting documentation such as in invoice.
- The Village issues pre-numbered duplicate receipts for all monies received and all supporting documentation should be maintained.

**Management's Response** – The Village will record all Law Enforcement Trust Fund transactions within its financial system.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC Section 5705.41(D) – Expenditures not properly encumbered	No	Repeated in Management Letter
2007-002	Mayor’s Court Bank Reconciliations	Yes	
2007-003	Posting Receipts and Expenditures	No	Repeated as Finding 2009-001



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF MIDDLEPORT**

**MEIGS 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  
AUGUST 19, 2010**