



***VILLAGE OF MIDDLEPORT
MEIGS COUNTY***

Regular Audit

**For the Years Ended
December 31, 2019 and 2018**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS



OHIO AUDITOR OF STATE
KEITH FABER

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Village Council
Village of Middleport
659 Pearl Street
Middleport, Ohio 45760

We have reviewed the *Independent Auditor's Report* of the Village of Middleport, Meigs County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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.

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.



Keith Faber
Auditor of State
Columbus, Ohio

November 20, 2020

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VILLAGE OF MIDDLEPORT, MEIGS COUNTY

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Independent Auditor's Report

Village Council
Village of Middleport
Meigs County
659 Pearls Street
Middleport, Ohio 45760

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by the fund type and related notes of the Village of Middleport, Meigs County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the December 31, 2019 and 2018 financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is an accounting basis other than accounting principles generally accepted in the United States of American (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Middleport, Meigs County as of December 31, 2019 and 2018, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 11, 2020 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio
September 11, 2020

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, 2019

	Governmental Fund Types			Totals
	General	Special Revenue	Permanent	
<u>Cash Receipts:</u>				
Property and Local Taxes	\$81,548	\$149,471	\$0	\$231,019
Municipal Income Tax	326,785	0	0	326,785
Intergovernmental	107,057	382,867	0	489,924
Charges for Service	340,737	225,959	0	566,696
Fines, Licenses, and Permits	86,135	1,572	0	87,707
Earnings on Investments	6,497	1,259	0	7,756
Miscellaneous	31,019	9,194	0	40,213
Total Cash Receipts	979,778	770,322	0	1,750,100
<u>Cash Disbursements:</u>				
<i>Current:</i>				
General Government	169,124	2,148	0	171,272
Security of Persons and Property	739,120	153,723	0	892,843
Basic Utility Services	0	197,292	0	197,292
Transportation	0	132,546	0	132,546
Community Environment	0	1,782	0	1,782
Capital Outlay	0	278,383	0	278,383
<i>Debt Service:</i>				
Principal	38,039	82,576	0	120,615
Interest and Fiscal Charges	811	25,467	0	26,278
Total Cash Disbursements	947,094	873,917	0	1,821,011
Cash Receipts Over/(Under) Cash Disbursements	32,684	(103,595)	0	(70,911)
<u>Other Financing Receipts (Disbursements)</u>				
Issuance of Notes	0	117,182	0	117,182
Total Other Financing Receipts (Disbursements)	0	117,182	0	117,182
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	32,684	13,587	0	46,271
Fund Cash Balances, January 1, As Restated	6,445	90,252	87,720	184,417
Nonspendable	0	0	87,720	87,720
Restricted	0	103,839	0	103,839
Unassigned	39,129	0	0	39,129
Fund Cash Balances, December 31	\$39,129	\$103,839	\$87,720	\$230,688

See accompanying notes to the financial statements.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types and Similar Fiduciary Funds
For the Year Ended December 31, 2019

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<u>Operating Cash Receipts:</u>			
Charges for Services	\$888,107	\$0	\$888,107
Intergovernmental	81,475	0	81,475
Fines, Licenses, and Permits	0	86,574	86,574
Miscellaneous	11,591	0	11,591
Total Operating Cash Receipts	<u>981,173</u>	<u>86,574</u>	<u>1,067,747</u>
<u>Operating Cash Disbursements:</u>			
Personal Services	353,002	0	353,002
Employee Fringe Benefits	154,799	0	154,799
Contractual Services	889,057	0	889,057
Supplies and Materials	116,665	0	116,665
Other	9,586	91,645	101,231
Total Operating Cash Disbursements	<u>1,523,109</u>	<u>91,645</u>	<u>1,614,754</u>
Operating Income (Loss)	(541,936)	(5,071)	(547,007)
<u>Non-Operating Cash Receipts (Disbursements):</u>			
Special Assessments	120,987	0	120,987
Capital Outlay	(183,083)	0	(183,083)
Principal Retirement	(94,696)	0	(94,696)
Interest and Other Fiscal Charges	(26,599)	0	(26,599)
Total Non-Operating Cash Receipts (Disbursements)	<u>(183,391)</u>	<u>0</u>	<u>(183,391)</u>
Net Change in Fund Cash Balances	(725,327)	(5,071)	(730,398)
Fund Cash Balances, January 1	<u>1,307,065</u>	<u>8,321</u>	<u>1,315,386</u>
Fund Cash Balances, December 31	<u><u>\$581,738</u></u>	<u><u>\$3,250</u></u>	<u><u>\$584,988</u></u>

See accompanying notes to the financial statements.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Middleport (the Village), Meigs County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, fire protection 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.

Note 2 – Summary of Significant Accounting Policies

A. 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:

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

Special Revenue Funds: These funds are used to account for proceeds from specific sources (other than 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 license tax for constructing, maintaining and repairing Village streets.

Refuse Fund – This fund receives charges for services to provide refuse collection services for the Village.

Permanent Funds: These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village has the following significant Permanent Fund:

Cemetery Endowment Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

Enterprise Funds: These funds are used to 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 has the following significant Enterprise Fund:

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.

Fiduciary Funds: Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individual, organization, or other governments. The Village disburses these funds as directed. The Village's agency fund (Mayor's Court Fund) accounts for the financial activity of the Mayor's Court.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

B. Basis of Accounting

The Village's financial statements follow the basis of accounting permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Budgetary Process

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

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

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

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.

A summary of 2019 budgetary activity appears in Note 3.

D. Capital Assets

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

E. 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 MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

F. Fund Balances

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

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

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Basis of Accounting

The Village’s budgetary activity for the year ending December 31, 2019 was as follows:

Fund Type	2019 Budgeted vs. Actual Receipts		Variance
	Budgeted	Actual	
General	\$976,731	\$979,778	\$3,047
Special Revenue	793,815	887,504	93,689
Enterprise	1,146,185	1,102,160	(44,025)
<i>Total</i>	\$2,916,731	\$2,969,442	\$52,711

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Basis of Accounting (continued)

2019 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$980,919	\$982,183	(\$1,264)
Special Revenue	891,113	836,295	54,818
Enterprise	2,276,443	1,831,568	444,875
<i>Total</i>	\$4,148,475	\$3,650,046	\$498,429
Enterprise			

Note 4 – Cash and Investments

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2019
Demand Deposits	\$815,676
Total	\$815,676

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

Note 5- Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. The second half payment is due the following June 20.

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

Income Taxes

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

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

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability;
- Vehicles; and
- Errors and Omissions.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Social Security

The Village's elected council members contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefits postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualified benefit recipients. OPERS contributes 1 percent and OP&F contributes 0.5 percent of the employer contributions to fund these benefits.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

A schedule of changes in long-term obligations of the Village during 2019 follows:

	Interest Rate	Principal Balance 12-31-18	Issued in 2019	Retired in 2019	Principal Balance 12-31-19
Building Bond	4.55%	\$742,500	\$0	\$25,331	\$717,169
Ohio Water Development Authority 3429	2.00%	89,894	0	24,840	65,054
Ohio Water Development Authority 5247	0.00%	500,019	0	22,728	477,291
Ohio Water Development Authority 6153	0.00%	205,834	0	9,127	196,707
Ohio Public Works Commission - Rutland St.	3.00%	62,948	0	14,948	48,000
Kansas State Bank - Ladder Truck	4.11%	626,393	0	69,707	556,686
Peoples Bank - Police Cruiser	5.23%	6,542	0	6,542	0
John Deere Financial - 2 Mowers	0.00%	8,474	0	4,843	3,631
Ally - GMC Dump Truck	12.00%	9,099	0	7,319	1,780
2016 Silverado	5.24%	29,250	0	7,064	22,186
2017 Ford F-550	4.23%	45,531	0	8,671	36,860
Home National Bank - Demolition Loan	3.95%	25,957	0	12,723	13,234
Syncrony Bank - Mower	0.00%	0	11,300	1,468	9,832
Home National Bank - Marina Improvements	4.10%	0	33,182	0	33,182
USDA - Garbage Trucks	3.00%	0	72,700	0	72,700
Total		<u>\$2,352,441</u>	<u>\$117,182</u>	<u>\$215,311</u>	<u>\$2,254,312</u>

The Building General Obligation Bond was issued in 2011 for the purpose of paying part of the cost of renovating a building for Village purposes. The amount of the bond was amended in 2012 by vote of the Village Council. The full faith and credit of the Village has been pledged to repay this debt.

The Ohio Water Development Authority (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.

The OWDA loan #5247 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 \$2,800,000 in principal forgiveness. The loan will be repaid in semiannual installments of \$11,364, over 30 years. Sewer receipts secure the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan # 6153 relates to a water line expansion/ replacement project that was mandated by the Ohio Environmental Protection Agency. This project is partially funded through a Federal grant project, with \$192,692 in principal forgiveness as of December 31, 2013.

The Ohio Public Works Commission (OPWC) Rutland Street 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.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt - (Continued)

The Village entered into a loan with Kansas State Bank for a new ladder truck for the amount of \$832,469 for 15 years. The loan will be repaid in semiannual installments of \$27,500, including interest.

The Peoples Bank 2014 Police Cruiser loan was entered into by the Village for the amount of \$32,000 for 5 years. The Village will make monthly installments of \$608 over the life of the loan.

The Village entered into a loan with John Deere Financial for the purchase of two mowers in the amount of \$24,214 for 5 years. The Village will make monthly installments of \$404 over the life of the loan.

The Village entered into a loan with Ally Auto for the purchase of a GMC Dump Truck in the amount of \$28,495 for 5 years. The Village will make monthly installments of \$693 over the life of the loan.

The Village entered into a loan with Ally Auto for the purchase of a Silverado Truck in the amount of \$43,301 for 5 years. The Village will make monthly installments of \$702 over the life of the loan.

The Village entered into a loan with Ally Auto for the purchase of a Ford F-550 Truck loan will be repaid in monthly installments of \$869, including interest, through 2022.

The Village entered into a loan in 2018 through Home National Bank for a Demolition Loan for the amount of \$38,188 for 3 years. The Village will make monthly payments of \$1,127, including interest, over the life of the loan.

The Village entered into a loan in 2019 through Synchrony Bank for a Mower for the amount of \$11,200 for 5 years. The Village will make monthly payments of \$238 over the life of the loan.

The Village entered into a loan in 2019 through Home National Bank for Marina Improvements for the amount of \$33,182 for 1 year. The Village will make one payment of \$33,182 over the life of the loan.

The Village entered into a loan in 2019 through the USDA for Garbage Trucks for the amount of \$72,700. The Village will make various yearly payments due to interest fluctuation.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt - (Continued)

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

	Building Bond	OWDA Loan 3429	OWDA Loan 5247	OWDA Loan 6153	OPWC Lift Station	Ladder Fire Truck
2020	\$85,656	\$26,499	\$22,728	\$9,787	\$16,714	\$95,000
2021	83,153	26,499	22,728	9,787	16,713	95,000
2022	80,650	13,998	22,728	9,787	16,712	95,000
2023	78,148	0	22,728	9,787	0	95,000
2024	75,646	0	22,728	9,787	0	56,690
2025-2029	340,691	0	113,640	48,935	0	226,757
2030-2034	176,554	0	113,640	48,935	0	0
2035-2039	0	0	113,642	49,902	0	0
2040	0	0	22,729	0	0	0
Total	<u>\$920,498</u>	<u>\$66,996</u>	<u>\$477,291</u>	<u>\$196,707</u>	<u>\$50,139</u>	<u>\$663,447</u>

	John Deere Mowers	GMC Dump Truck	Silverado Truck	Ford F-550 Truck	Demolition Loan	Mower	Marina Improv	USDA Garbage Trucks
2020	\$3,631	\$1,809	\$8,426	\$10,429	\$13,519	\$2,856	\$33,357	\$8,481
2021	0	0	8,426	10,429	0	2,856	0	8,592
2022	0	0	7,066	10,429	0	2,856	0	8,494
2023	0	0	0	8,691	0	1,264	0	8,493
2024	0	0	0	0	0	0	0	8,586
2025-2029	0	0	0	0	0	0	0	42,582
Total	<u>\$3,631</u>	<u>\$1,809</u>	<u>\$23,918</u>	<u>\$39,978</u>	<u>\$13,519</u>	<u>\$9,832</u>	<u>\$33,357</u>	<u>\$85,228</u>

Note 10 – Contingent Liabilities

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

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – Prior Period Adjustment

In January 2019, the Village had voided previously issued checks. This resulted in a restatement of the prior period cash balance.

	Special Revenue
Fund Balance at December 31, 2018	\$6,300
Understatement of Cash and Cash Equivalents	145
Adjusted Fund Balance at December 31, 2018	\$6,445

Note 12 – Fund Cash Balances

As of December 31, 2019, fund balances are composed of the following:

	General	Special Revenue	Permanent	Total
<i>Nonspendable:</i>				
Cemetery Endowment	\$0	\$0	\$87,720	\$87,720
<i>Restricted:</i>				
Community Development	0	24,583	0	24,583
Community Maintenance	0	24,938	0	24,938
Drug & Alcohol Education and Enforcement	0	21,370	0	21,370
Fire Operations	0	12,623	0	12,623
Police Operations	0	6,530	0	6,530
Road Maintenance & Improvements	0	13,795	0	13,795
<i>Unassigned</i>	39,129	0	0	39,129
Total	\$39,129	\$103,839	\$87,720	\$230,688

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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, 2018

	Governmental Fund Types			Totals
	General	Special Revenue	Permanent	
<u>Cash Receipts:</u>				
Property and Local Taxes	\$82,225	\$158,632	\$0	\$240,857
Municipal Income Tax	283,708	0	0	283,708
Intergovernmental	104,096	169,317	0	273,413
Charges for Service	286,225	240,136	0	526,361
Fines, Licenses, and Permits	123,854	1,923	0	125,777
Earnings on Investments	2,647	153	0	2,800
Miscellaneous	79,368	7,492	0	86,860
Total Cash Receipts	962,123	577,653	0	1,539,776
<u>Cash Disbursements:</u>				
<i>Current:</i>				
General Government	196,948	2,000	0	198,948
Security of Persons and Property	726,857	95,618	0	822,475
Basic Utility Services	0	212,295	0	212,295
Transportation	0	125,833	0	125,833
Leisure Time Activities	0	6,442	0	6,442
Capital Outlay	38,188	4,843	0	43,031
<i>Debt Service:</i>				
Principal	52,339	70,965	0	123,304
Interest and Fiscal Charges	24,118	28,071	0	52,189
Total Cash Disbursements	1,038,450	546,067	0	1,584,517
Cash Receipts Over/(Under) Cash Disbursements	(76,327)	31,586	0	(44,741)
<u>Other Financing Receipts</u>				
Other Debt Proceeds	38,188	0	0	38,188
Total Other Financing Receipts	38,188	0	0	38,188
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	(38,139)	31,586	0	(6,553)
Fund Cash Balances, January 1, As Restated	44,439	58,666	87,720	190,825
Nonspendable	0	0	87,720	87,720
Restricted	0	90,252	0	90,252
Unassigned	6,300	0	0	6,300
Fund Cash Balances, December 31	\$6,300	\$90,252	\$87,720	\$184,272

See accompanying notes to the financial statements.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types and Similar Fiduciary Funds
For the Year Ended December 31, 2018

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<u>Operating Cash Receipts:</u>			
Charges for Services	\$816,279	\$0	\$816,279
Intergovernmental	201,672	0	201,672
Fines, Licenses, and Permits	0	108,478	108,478
Miscellaneous	1,419	0	1,419
Total Operating Cash Receipts	<u>1,019,370</u>	<u>108,478</u>	<u>1,127,848</u>
<u>Operating Cash Disbursements:</u>			
Personal Services	333,182	0	333,182
Employee Fringe Benefits	161,032	0	161,032
Contractual Services	155,279	0	155,279
Supplies and Materials	136,517	0	136,517
Other	10,401	107,534	117,935
Total Operating Cash Disbursements	<u>796,411</u>	<u>107,534</u>	<u>903,945</u>
Operating Income (Loss)	222,959	944	223,903
<u>Non-Operating Cash Receipts (Disbursements):</u>			
OWDA Grant	755,283	0	755,283
Special Assessments	119,900	0	119,900
Miscellaneous Receipts	6,094	0	6,094
Capital Outlay	(99,130)	0	(99,130)
Principal Retirement	(365,531)	0	(365,531)
Interest and Other Fiscal Charges	(25,652)	0	(25,652)
Total Non-Operating Cash Receipts (Disbursements)	<u>390,964</u>	<u>0</u>	<u>390,964</u>
Net Change in Fund Cash Balances	613,923	944	614,867
Fund Cash Balances, January 1	<u>693,142</u>	<u>7,377</u>	<u>700,519</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,307,065</u></u>	<u><u>\$8,321</u></u>	<u><u>\$1,315,386</u></u>

See accompanying notes to the financial statements.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Village of Middleport (the Village), Meigs County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, fire protection 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.

Note 2 – Summary of Significant Accounting Policies

A. 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:

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

Special Revenue Funds: These funds are used to account for proceeds from specific sources (other than 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 license tax for constructing, maintaining and repairing Village streets.

Refuse Fund – This fund receives charges for services to provide refuse collection services for the Village.

Permanent Funds: These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village has the following significant Permanent Fund:

Cemetery Endowment Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

Enterprise Funds: These funds are used to 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 has the following significant Enterprise Fund:

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.

Fiduciary Funds: Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individual, organization, or other governments. The Village disburses these funds as directed. The Village's agency fund (Mayor's Court Fund) accounts for the financial activity of the Mayor's Court.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

B. Basis of Accounting

The Village's financial statements follow the basis of accounting permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Budgetary Process

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

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

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

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.

A summary of 2018 budgetary activity appears in Note 3.

D. Capital Assets

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

E. 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 MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

F. Fund Balances

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

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

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Basis of Accounting

The Village’s budgetary activity for the year ending December 31, 2018 was as follows:

Fund Type	2018 Budgeted vs. Actual Receipts		Variance
	Budgeted	Actual	
General	\$1,000,960	\$1,000,311	(\$649)
Special Revenue	530,569	577,653	47,084
Enterprise	1,712,709	1,900,647	187,938
<i>Total</i>	\$3,244,238	\$3,478,611	\$234,373

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Budgetary Basis of Accounting (continued)

2018 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,037,627	\$1,044,674	(\$7,047)
Special Revenue	618,019	546,067	71,952
Enterprise	2,360,954	1,290,380	1,070,574
<i>Total</i>	\$4,016,600	\$2,881,121	\$1,135,479
Enterprise			

Note 4 – Cash and Investments

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2018
Demand Deposits	\$1,499,658
Total	\$1,499,658

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

Note 5- Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. The second half payment is due the following June 20.

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

Income Taxes

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

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

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability;
- Vehicles; and
- Errors and Omissions.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Social Security

The Village's elected council members contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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

Note 8 – Postemployment Benefits

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefits postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualified benefit recipients. OPERS contributes 1 percent and OP&F contributes 0.5 percent of the employer contributions to fund these benefits.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

A schedule of changes in long-term obligations of the Village during 2018 follows:

	Interest Rate	Principal Balance 12-31-17	Issued in 2018	Retired in 2018	Principal Balance 12-31-18
Building Bond	4.55%	\$797,500	\$0	\$55,000	\$742,500
Ohio Water Development Authority 3429	2.00%	114,245	0	24,351	89,894
Ohio Water Development Authority 5247	0.00%	522,747	0	22,728	500,019
Ohio Water Development Authority 6153	0.00%	214,961	0	9,127	205,834
Ohio Public Works Commission - Rutland St.	3.00%	77,457	0	14,509	62,948
Kansas State Bank - Ladder Truck	4.11%	693,322	0	66,929	626,393
Peoples Bank - Police Cruiser	5.23%	13,301	0	6,759	6,542
John Deere Financial - 2 Mowers	0.00%	12,510	0	4,036	8,474
Ally - GMC Dump Truck	12.00%	16,048	0	6,949	9,099
2016 Silverado	5.24%	35,954	0	6,704	29,250
2017 Ford F-550	4.23%	53,843	0	8,312	45,531
Ohio Water Development Authority 7550	1.00%	251,200	0	251,200	0
Home National Bank - Demolition Loan	3.95%	0	38,188	12,231	25,957
Total		<u>\$2,803,088</u>	<u>\$38,188</u>	<u>\$488,835</u>	<u>\$2,352,441</u>

The Building General Obligation Bond was issued in 2011 for the purpose of paying part of the cost of renovating a building for Village purposes. The amount of the bond was amended in 2012 by vote of the Village Council. The full faith and credit of the Village has been pledged to repay this debt.

The Ohio Water Development Authority (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.

The OWDA loan #5247 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 \$2,800,000 in principal forgiveness. The loan will be repaid in semiannual installments of \$11,364, over 30 years. Sewer receipts secure the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan # 6153 relates to a water line expansion/ replacement project that was mandated by the Ohio Environmental Protection Agency. This project is partially funded through a Federal grant project, with \$192,692 in principal forgiveness as of December 31, 2013.

The Ohio Public Works Commission (OPWC) Rutland Street 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.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt - (Continued)

The Village entered into a loan with Kansas State Bank for a new ladder truck for the amount of \$832,469 for 15 years. The loan will be repaid in semiannual installments of \$27,500, including interest.

The Peoples Bank 2014 Police Cruiser loan was entered into by the Village for the amount of \$32,000 for 5 years. The Village will make monthly installments of \$608 over the life of the loan.

The Village entered into a loan with John Deere Financial for the purchase of two mowers in the amount of \$24,214 for 5 years. The Village will make monthly installments of \$404 over the life of the loan.

The Village entered into a loan with Ally Auto for the purchase of a GMC Dump Truck in the amount of \$28,495 for 5 years. The Village will make monthly installments of \$693 over the life of the loan.

The Village entered into a loan with Ally Auto for the purchase of a Silverado Truck in the amount of \$43,301 for 5 years. The Village will make monthly installments of \$702 over the life of the loan.

The Village entered into a loan with Ally Auto for the purchase of a Ford F-550 Truck loan will be repaid in monthly installments of \$869, including interest, through 2022.

The Ohio Water Development Authority (OWDA) loan #7550 is for the Main Street Area Sewer Separation project for \$251,200. The loan will be repaid in monthly installments of \$4,294, including interest, over 5 years. Sewer receipts secure the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan was repaid with principal forgiveness through OWDA.

The Village entered into a loan in 2018 through Home National Bank for a Demolition Loan for the amount of \$38,188 for 3 years. The Village will make monthly payments of \$1,127, including interest, over the life of the loan.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt - (Continued)

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

	Building Bond	OWDA Loan 3429	OWDA Loan 5247	OWDA Loan 6153	OPWC Lift Station	Ladder Fire Truck
2019	\$88,158	\$26,499	\$22,728	\$9,787	\$16,713	\$95,000
2020	85,656	26,499	22,728	9,787	16,714	95,000
2021	83,153	26,499	22,728	9,787	16,713	95,000
2022	80,651	13,998	22,728	9,787	17,102	95,000
2023	78,148	0	22,728	9,787	0	95,000
2024-2028	353,204	0	113,640	48,935	0	277,253
2029-2033	210,018	0	113,640	48,935	0	0
2034-2038	0	0	113,641	48,935	0	0
2039-2040	0	0	45,458	10,094	0	0
Total	<u>\$978,988</u>	<u>\$93,495</u>	<u>\$500,019</u>	<u>\$205,834</u>	<u>\$67,242</u>	<u>\$752,253</u>

	Police Cruiser	John Deere Mowers	GMC Dump Truck	Silverado Truck	Ford F-550 Truck	Demolition Loan
2019	\$6,717	\$4,843	\$8,312	\$8,426	\$10,429	\$13,519
2020	0	3,631	1,656	8,426	10,429	13,519
2021	0	0	0	8,426	10,429	0
2022	0	0	0	7,066	10,429	0
2023	0	0	0	0	8,704	0
Total	<u>\$6,717</u>	<u>\$8,474</u>	<u>\$9,968</u>	<u>\$32,344</u>	<u>\$50,420</u>	<u>\$27,038</u>

Note 10 – Contingent Liabilities

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

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 11 – Prior Period Adjustment

In January 2018, the Village had voided previously issued checks. This resulted in a restatement of the prior period cash balance.

	Special Revenue
Fund Balance at December 31, 2017	\$44,399
Understatement of Cash and Cash Equivalents	40
Adjusted Fund Balance at December 31, 2017	\$44,439

Note 12 – Fund Cash Balances

As of December 31, 2018, fund balances are composed of the following:

	General	Special Revenue	Permanent	Total
<i>Nonspendable:</i>				
Cemetery Endowment	\$0	\$0	\$87,720	\$87,720
<i>Restricted:</i>				
Community Development	0	1,782	0	1,782
Community Maintenance	0	19,082	0	19,082
Court Operations	0	576	0	576
Drug & Alcohol Education and Enforcement	0	30,117	0	30,117
Fire Operations	0	22,474	0	22,474
Police Operations	0	5,117	0	5,117
Road Maintenance & Improvements	0	11,104	0	11,104
<i>Unassigned</i>	6,300	0	0	6,300
Total	\$6,300	\$90,252	\$87,720	\$184,272

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards***

Village Council
Village of Middleport
Meigs County
659 Pearls Street
Middleport, OH 45760

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Middleport, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 11, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the financial impact of Covid-19 and the ensuing emergency measures that will impact subsequent periods of the Village.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider finding 2019-001 to be material weaknesses.

Village Council
Village of Middleport, Meigs County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as items 2019-001.

Entity's Response to Findings

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

Purpose of this Report

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

September 11, 2020

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Schedule of Findings
For the Years Ended December 31, 2019 and 2018

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

Finding Number 2019-001

Noncompliance/Material Weakness

Ohio Admin. Code 117-2-02(A) provides that all local public offices maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

In 2018:

- General Fund to record entry for debt issued of \$38,188, the debt proceeds and capital outlay expense were increased;
- Police Levy Fund intergovernmental revenue of \$26,005 misposted as other revenue;
- Law Enforcement Trust Fund other receipts of \$4,312 was unrecorded;
- Law Enforcement Trust Fund other expenditures of \$38,210 was unrecorded;
- Water Operating Fund to record entry for OWDA Activity of \$197,959 Principal and \$3,713 capital outlay expense were increased;
- Mayor's Court Fund other non-operating receipts of \$8,719 was unrecorded;
- Mayor's Court Fund other non-operating disbursements of \$7,775 was unrecorded.
- Agency Fund prior period adjustment to Fund Balance of \$3,698.
- Special Revenue Funds prior period adjustment to Fund Balance of \$60,875.
- Special Revenue OWDA Grant of \$755,283 misposted as special items.
- Special Revenue miscellaneous revenue of \$1,850 misposted as special items.
- Some Adjustments were made to the notes to the financial statements.

In 2019:

- General Fund to record entry for debt issued of \$11,300, the debt proceeds and capital outlay expense were increased;
- Special Revenue Principal of \$41 misposted as security of persons and property.
- Police Levy Fund intergovernmental revenue of \$6,837 misposted as other revenue;
- Law Enforcement Trust Fund other receipts of \$33,492 was unrecorded;
- Law Enforcement Trust Fund other expenditures of \$17,052 was unrecorded;
- Water Operating Fund to record entry for OWDA Activity of \$81,475 capital outlay expense were increased;
- Water Operating Fund debt proceeds of \$33,182 misposted as intergovernmental revenue;
- Mayor's Court Fund other non-operating receipts of \$34,188 was overstated;
- Mayor's Court Fund other non-operating disbursements of \$1,426 was unrecorded.
- Some Adjustments were made to the notes to the financial statements.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY
Schedule of Findings
For the Years Ended December 31, 2019 and 2018

Finding Number 2019-001

These misstatements were caused by a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Village's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

We recommend the Fiscal Officer refer to Appendix A of the Village Officer's Handbook for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the financial statements reflect the appropriation sources of the receipts and expenditures.

Officials' Response: The Village will post receipts to the correct accounts.

VILLAGE OF MIDDLEPORT, MEIGS COUNTY

Schedule of Prior Audit Findings

For the Years Ended December 31, 2019 and 2018

Finding Number	Description	Status	Comments
	<i>Government Auditing Standards:</i>		
2017-001	A material weakness and noncompliance citation of Ohio Admin. Code 117-2-02(A) audit adjustments.	Not Corrected	Reissued as Finding 2019-001

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MIDDLEPORT

MEIGS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/3/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov