



Dave Yost • Auditor of State



VILLAGE OF MIDDLEPORT  
MEIGS COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Middleport  
Meigs County  
659 Pearl Street  
Middleport, Ohio 45760

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Middleport, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no 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 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2013 and 2012, or changes in financial position thereof, for the years 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, Ohio, as of December 31, 2013 and 2012, 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) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2014, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 30, 2014

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 77,513	\$ 85,806	\$	\$	\$ 163,319
Municipal Income Tax	215,789				215,789
Intergovernmental	136,699	194,979			331,678
Charges for Services	407,895	192,777			600,672
Fines, Licenses and Permits	104,122	6,439			110,561
Earnings on Investments	1,193	208		1,096	2,497
Miscellaneous	7,501	6,733			14,234
<i>Total Cash Receipts</i>	<u>950,712</u>	<u>486,942</u>	<u>0</u>	<u>1,096</u>	<u>1,438,750</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	719,456	49,449			768,905
Public Health Services				2,075	2,075
Leisure Time Activities		39,339			39,339
Basic Utility Services		179,295			179,295
Transportation		118,475			118,475
General Government	179,466	7,996			187,462
Capital Outlay		5,000	5,201		10,201
Debt Service:					
Principal Retirement	23,705	30,649			54,354
Interest and Fiscal Charges	16,327	5,324			21,651
<i>Total Cash Disbursements</i>	<u>938,954</u>	<u>435,527</u>	<u>5,201</u>	<u>2,075</u>	<u>1,381,757</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,758</u>	<u>51,415</u>	<u>(5,201)</u>	<u>(979)</u>	<u>56,993</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Financing Sources	146				146
Other Financing Uses		(8,193)			(8,193)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>146</u>	<u>(8,193)</u>	<u>0</u>	<u>0</u>	<u>(8,047)</u>
<i>Net Change in Fund Cash Balances</i>	11,904	43,222	(5,201)	(979)	48,946
<i>Fund Cash Balances, January 1</i>	<u>12,454</u>	<u>165,193</u>	<u>5,201</u>	<u>89,998</u>	<u>272,846</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		118,977			118,977
Committed		89,438			89,438
Unassigned (Deficit)	24,358			89,019	113,377
<i>Fund Cash Balances, December 31</i>	<u>\$ 24,358</u>	<u>\$ 208,415</u>	<u>\$ 0</u>	<u>\$ 89,019</u>	<u>\$ 321,792</u>

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 911,716	\$	\$ 911,716
Fines, Licenses and Permits		81,617	81,617
Miscellaneous	3,523		3,523
<i>Total Operating Cash Receipts</i>	<u>915,239</u>	<u>81,617</u>	<u>996,856</u>
<b>Operating Cash Disbursements</b>			
Personal Services	304,012		304,012
Employee Fringe Benefits	120,419		120,419
Contractual Services	1,741,056		1,741,056
Supplies and Materials	143,069		143,069
Other	8,677	80,712	89,389
<i>Total Operating Cash Disbursements</i>	<u>2,317,233</u>	<u>80,712</u>	<u>2,397,945</u>
<i>Operating Income (Loss)</i>	<u>(1,401,994)</u>	<u>905</u>	<u>(1,401,089)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	1,564,970		1,564,970
Special Assessments	123,425		123,425
Other Debt Proceeds	32,875		32,875
Miscellaneous Receipts	12,950		12,950
Capital Outlay	(42,642)		(42,642)
Principal Retirement	(145,719)		(145,719)
Interest and Other Fiscal Charges	(45,878)		(45,878)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,499,981</u>	<u>0</u>	<u>1,499,981</u>
<i>Net Change in Fund Cash Balances</i>	97,987	905	98,892
<i>Fund Cash Balances, January 1</i>	<u>627,930</u>	<u>3,537</u>	<u>631,467</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 725,917</u>	<u>\$ 4,442</u>	<u>\$ 730,359</u>

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 74,108	\$ 48,199	\$	\$	\$ 122,307
Municipal Income Tax	219,616				219,616
Intergovernmental	101,538	171,071			272,609
Charges for Services	178,215	190,775			368,990
Fines, Licenses and Permits	112,955	2,565			115,520
Earnings on Investments	1,294	122		1,316	2,732
Miscellaneous	22,926				22,926
<i>Total Cash Receipts</i>	<u>710,652</u>	<u>412,732</u>	<u>0</u>	<u>1,316</u>	<u>1,124,700</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	578,318	30,803			609,121
Public Health Services				864	864
Leisure Time Activities		42,553			42,553
Basic Utility Services		176,867			176,867
Transportation		116,637			116,637
General Government	149,848	1,511			151,359
Capital Outlay		4,769	589,740		594,509
Debt Service:					
Principal Retirement	15,568	28,132			43,700
Interest and Fiscal Charges	12,277	3,146			15,423
<i>Total Cash Disbursements</i>	<u>756,011</u>	<u>404,418</u>	<u>589,740</u>	<u>864</u>	<u>1,751,033</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(45,359)</u>	<u>8,314</u>	<u>(589,740)</u>	<u>452</u>	<u>(626,333)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Bonds			570,000		570,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>570,000</u>	<u>0</u>	<u>570,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(45,359)</u>	<u>8,314</u>	<u>(19,740)</u>	<u>452</u>	<u>(56,333)</u>
<i>Fund Cash Balances, January 1</i>	<u>57,813</u>	<u>156,879</u>	<u>24,941</u>	<u>89,546</u>	<u>329,179</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		63,046	5,201		68,247
Committed		102,147			102,147
Unassigned (Deficit)	12,454			89,998	102,452
<i>Fund Cash Balances, December 31</i>	<u>\$ 12,454</u>	<u>\$ 165,193</u>	<u>\$ 5,201</u>	<u>\$ 89,998</u>	<u>\$ 272,846</u>

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 837,092	\$	\$ 837,092
Fines, Licenses and Permits		89,786	89,786
<i>Total Operating Cash Receipts</i>	<u>837,092</u>	<u>89,786</u>	<u>926,878</u>
<b>Operating Cash Disbursements</b>			
Personal Services	332,993		332,993
Employee Fringe Benefits	140,358		140,358
Contractual Services	5,659,645		5,659,645
Supplies and Materials	117,769		117,769
Other	9,515	89,786	99,301
<i>Total Operating Cash Disbursements</i>	<u>6,260,280</u>	<u>89,786</u>	<u>6,350,066</u>
<i>Operating Income (Loss)</i>	<u>(5,423,188)</u>	<u>0</u>	<u>(5,423,188)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	5,662,321		5,662,321
Special Assessments	124,920		124,920
Earnings on Investments (proprietary funds only)	288,427		288,427
Miscellaneous Receipts	1,500		1,500
Capital Outlay	(15,928)		(15,928)
Principal Retirement	(507,152)		(507,152)
Interest and Other Fiscal Charges	(30,453)		(30,453)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>5,523,635</u>	<u>0</u>	<u>5,523,635</u>
<i>Net Change in Fund Cash Balances</i>	100,447	0	100,447
<i>Fund Cash Balances, January 1</i>	<u>527,483</u>	<u>3,537</u>	<u>531,020</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 627,930</u>	<u>\$ 3,537</u>	<u>\$ 631,467</u>

*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, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Middleport, Meigs County, Ohio (the Village), as a body corporate and politic. 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's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

The Village invests all available funds in an interest-bearing checking account. Interest earned is recognized and recorded when received.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Village Hall Project Fund – This fund received proceeds of general obligation bonds. The proceeds were used to renovate a new municipal building.

**5. 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 had 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.

**6. Enterprise Funds**

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

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

**8. Fiduciary Funds**

Fiduciary funds include agency funds. 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 (Mayor's Court Fund) accounts for the financial activity of the Mayor's Court.

**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 level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**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 approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

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.

**G. 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.

**H. 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 all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2013	2012
Demand deposits	\$1,052,151	\$904,313

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$966,558	\$950,858	(\$15,700)
Special Revenue	417,891	486,942	69,051
Capital Projects	0	0	0
Enterprise	2,670,321	2,649,459	(20,862)
Permanent	77,761	1,096	(76,665)
Total	\$4,132,531	\$4,088,355	(\$44,176)

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$637,335	\$938,954	(\$301,619)
Special Revenue	576,206	495,135	81,071
Capital Projects	5,201	5,201	0
Enterprise	4,063,114	2,551,472	1,511,642
Permanent	3,578	2,075	1,503
Total	<u>\$5,285,434</u>	<u>\$3,992,837</u>	<u>\$1,292,597</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$710,049	\$710,652	\$603
Special Revenue	450,254	412,732	(37,522)
Capital Projects	570,000	570,000	0
Enterprise	6,489,412	6,914,260	424,848
Permanent	0	1,316	1,316
Total	<u>\$8,219,715</u>	<u>\$8,608,960</u>	<u>\$389,245</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$626,000	\$756,011	(\$130,011)
Special Revenue	580,526	404,418	176,108
Capital Projects	594,941	589,740	5,201
Enterprise	7,462,064	6,813,813	648,251
Permanent	0	864	(864)
Total	<u>\$9,263,531</u>	<u>\$8,564,846</u>	<u>\$698,685</u>

Contrary to Ohio law, at December 31, 2013, appropriations exceeded estimated resources in the Refuse Special Revenue Fund, the Water Operating Fund and the Sewer Operating Fund by \$6,885, \$62,985 and \$722,788, respectively. At December 31, 2012, appropriations exceeded estimated resources in the Fire Truck Special Revenue Fund, the Water Operating Fund and the Sewer Operating Fund by \$10,714, \$59,619 and \$452,293, respectively. Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$301,620 and in the FEMA Fund by \$939 for the year ended December 31, 2013. Budgetary expenditures exceeded appropriation authority in the General Fund by \$130,011 and in the Fire Equipment Fund by \$1,499 for the year ended December 31, 2012. Also contrary to Ohio law, the significant supplemental appropriations and amendments were posted to the accounting system without Village Council approval.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. Property Tax**

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. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**5. Local Income Tax**

The Village levies a municipal income tax of 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.

**6. Debt**

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building General Obligation Bond	\$1,017,500	4.00%
Ohio Water Development Authority Loan#3429	206,192	2.00%
Ohio Water Development Authority Loan#5247	613,659	0.00%
Ohio Water Development Authority Loan#5968	348,039	1.00%
Ohio Water Development Authority Loan#6153	250,811	0.00%
Ohio Public Works Commission- Rutland St.	130,972	3.00%
Ohio Public Works Commission- Well Project	34,129	0.00%
Sun Trust Bank	100,210	4.32%
Peoples Bank- Police Cruiser	2,765	3.89%
Peoples Bank- Ford Truck	1,532	4.00%
Peoples Bank - Garage Annex	2,458	4.00%
Total	<u>\$2,708,267</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.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Debt (Continued)**

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 #5968 relates to a sewer system improvement project that was mandated by the Ohio Environmental Protection Agency. This project is partially funded through a Federal grant projects, with \$7,161,012 in principal forgiveness as of December 31, 2013. This loan has not been fully dispersed as of December 31, 2013, and no amortization schedule is available for its repayment.

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 forgiven as of December 31, 2013. This loan has not been fully dispersed as of December 31, 2013, and no amortization schedule is available for its repayment.

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.

The OPWC Well Project loan relates to a new raw water well project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$569, over 30 years. Sewer receipts secure the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Sun Trust Bank Fire Truck loan was obtained to purchase a fire truck in 2006. The Village passed a levy to provide sufficient funding to repay the debt service requirements. The 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 police cruiser purchased from the debt proceeds is held as collateral for the debt.

The Peoples Bank Ford Truck loan will be repaid in monthly installments of \$553, including interest, through 2014. The 2009 Ford F-350 truck purchased from the debt proceeds is held as collateral for the debt.

The Peoples Bank Garage Annex loan will be repaid in monthly installments of \$461, including interest, through 2014.

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

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Debt (Continued)**

Year ending December 31:	Building General Obligation Bond	OWDA Loan #3429	OWDA Loan #5247	OPWC- Rutland St.	OPWC- Well Project	Sun Trust Bank
2014	\$100,671	\$26,499	\$22,728	\$16,713	\$1,137	\$35,973
2015	98,168	26,499	22,728	16,713	1,137	35,973
2016	95,666	26,499	22,728	16,713	1,137	35,973
2017	93,163	26,499	22,728	16,713	1,137	
2018	90,661	26,499	22,728	16,713	1,137	
2019-2023	415,766	92,746	113,641	66,852	5,689	
2024-2028	353,203		113,641		5,689	
2029-2033	210,018		113,641		5,689	
2034-2038			113,641		5,689	
2039-2043			45,455		5,688	
Total	<u>\$1,457,316</u>	<u>\$225,241</u>	<u>\$613,659</u>	<u>\$150,417</u>	<u>\$34,129</u>	<u>\$107,919</u>

Year ending December 31:	Peoples Bank- Police Cruiser	Peoples Bank- Ford Truck	Peoples Bank- Garage Annex	Total
2014	\$2,821	\$1,549	\$2,484	\$210,575
2015				201,218
2016				198,716
2017				160,240
2018				157,738
2019-2023				694,694
2024-2028				472,533
2029-2033				329,348
2034-2038				119,330
2039-2043				51,143
Total	<u>\$2,821</u>	<u>\$1,549</u>	<u>\$2,484</u>	<u>\$2,595,535</u>

**7. Retirement Systems**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 2012 through June 2013, OP&F participants contributed 10% of their wages. For July through December 2013, OP&F participants contributed 10.75% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, 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, 2013.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. Risk Management**

The Village has obtained commercial insurance for the following risks:

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

**9. Contingent Liabilities**

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.

**10. Subsequent Events**

On December 15, 2013, the Village signed an agreement to obtain \$832,469 in debt funding through a leasing contract with Kansas State Bank for the purchase of a Sutphen Model 70 Platform Truck. As of December 31, 2013, the truck had been ordered from Sutphen Fire Apparatus but no payments had been made to the vendor or proceeds of debt received by the Village.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Middleport  
Meigs County  
659 Pearl Street  
Middleport, Ohio 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 Village of Middleport, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified a 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 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-005 and 2013-006 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, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2013-001 through 2013-006.

***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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 30, 2014

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**FINDING NUMBER 2013-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources.

Appropriations exceeded estimated resources as of December 31, 2013 as follows:

Fund	Estimated Resources	Appropriation Authority	Variance
Refuse Fund	\$ 268,620	\$ 275,505	\$ (6,885)
Water Operating Fund	488,039	551,024	(62,985)
Sewer Operating Fund	2,173,337	2,896,325	(722,988)

Appropriations exceeded estimated resources as of December 31, 2012 as follows:

Fund	Estimated Resources	Appropriation Authority	Variance
Fire Truck Fund	\$ 51,286	\$ 62,000	\$ (10,714)
Water Operating Fund	911,500	971,119	(59,619)
Sewer Operating Fund	5,597,336	6,049,629	(452,293)

Failure to limit appropriations to estimated resources can lead to overspending and negative fund balances.

We recommend the Council limit appropriations by estimated resources. We further recommend the Council request an Amended Certificate of Estimated Resources when it becomes apparent that additional funding, such as grants or debt proceeds, will be received so that these amounts will be available for appropriation.

**Official's Response:** The Village will ensure that when appropriations are amended the Village will file an Amended Appropriation Resolution with the Meigs County Auditor after the approval of council so that it will not appear as if our appropriations exceed estimated resources.

**FINDING NUMBER 2013-002**

**Noncompliance Citation**

Ohio Rev. Codes § 5705.40 states that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**FINDING NUMBER 2013-002 (Continued)**

**Noncompliance Citation - Ohio Rev. Codes § 5705.40 (Continued)**

The Fiscal Officer amended and supplemented appropriations throughout the year at the fund level (legal level of control) in the Uniform Accounting System without obtaining Council Approval. This resulted in budgeted amounts in the accounting system differing significantly from the amounts approved by Council and diminished the effectiveness of the budgetary monitoring tool.

We recommend Council approve any supplemental appropriations or amendments to appropriations affecting the legal level of control established by Council. We further recommend this approval be documented in the minute record and approved amounts be filed with the County Auditor.

**Official's Response:** The Village will ensure that when appropriations are amended and supplemented these will be approved by council and filed with the Meigs County Auditor.

**FINDING NUMBER 2013-003**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2012, total expenditures exceeded total appropriations as follows:

Fund	Formal Appropriations	Actual Expenditures	Variance
General Fund	\$ 626,000	\$ 756,011	\$ (130,011)
Fire Equipment Fund	14,330	15,829	(1,499)

At December 31, 2013, total expenditures exceeded total appropriations as follows:

Fund	Formal Appropriations	Actual Expenditures	Variance
General Fund	\$ 637,335	\$ 938,954	\$ (301,619)
FEMA Fund	6,000	6,939	(939)

Failure to limit expenditures to appropriated amounts can result in overspending and negative fund balances.

We recommend Council limit expenditures to approved appropriation amounts.

**Official's Response:** The Village will ensure that when appropriations are amended and supplemented these will be approved by council and filed with the Meigs County Auditor so it will not appear as if expenditures have exceeded appropriations.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-004**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in § 5705.41(D)(1) and § 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Thirteen percent of the transactions tested for 2012 and 33 percent of the transactions tested for 2013 were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Additionally, Council failed to set limits for its blanket certificates by resolution or ordinance. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-004**

**Noncompliance Citation - Ohio Rev. Code § 5705.41(D)(1) (Continued)**

We recommend the Fiscal Officer certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires authorizing disbursements. We further recommend Council establish a maximum amount for blanket certificates through ordinance or resolution.

**Official's Response:** The Village creates hand-written P.O.'s as well as P.O.'s created in the UAN system. Both types are signed by the Fiscal Officer and checks for the expenditures written. If there is no hand-written or UAN P.O. or Blanket P.O. to be used for an expenditure, then a 'Then & Now' P.O. is used.

**FINDING NUMBER 2013-005**

**Noncompliance Citation and 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.

For the period ending December 31, 2012, the following posting errors were noted:

- Miscellaneous Receipts totaling \$6,400 were improperly posted to the General Fund resulting in a decrease in Unassigned Fund Balance of \$6,400.
- Ohio Public Works Commission and Ohio Water Development Authority monies received were improperly posted as Charges for Services resulting in the following:
  - Water Operating Fund- a decrease in Charges for Services of \$476,536, an increase in Contractual Services of \$4,583, an increase in Intergovernmental of \$192,692, and an increase in Other Debt Proceeds of \$288,427;
  - Sewer Operating Fund- a decrease in Charges for Services of \$5,056,082, an increase in Intergovernmental of \$5,469,629, an increase in Principal Retirement of \$405,825, and an increase in Interest and Other Fiscal Charges of \$1,323.

For the period ending December 31, 2013, the following items were noted:

- The General Fund beginning balance did not agree to prior audited amounts resulting in an increase in Miscellaneous Receipts of \$554 and a decrease in the January 1 fund cash balance.;
- Confirmable receipts were not properly posted in the General Fund resulting in a decrease in Property and Other Local Taxes of \$46,622, an increase in Intergovernmental of \$7,775, and a decrease in General Government of \$1,485.
- Law Enforcement Trust Fund activity was not properly posted resulting in an increase in Fines, License, and Permits of \$4,090, an increase in Security of Persons and Property of \$6,539, and a decrease in Fund Cash Balance, January 1 of \$502;
- Fire Levy receipts were not properly posted resulting in a decrease in Property and Other Local Taxes of \$4,477 and an increase in Intergovernmental of \$4,477;

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**FINDING NUMBER 2013-005 (Continued)**

**Noncompliance Citation and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)**

- Refuse Fund ending cash fund balance was not properly classified resulting in a decrease in Restricted Fund Balance of \$89,438 and an increase in Committed Fund Balance of \$89,438.
- Ohio Public Works Commission and Ohio Water Development Authority monies received were improperly posted as Charges for Services resulting in the following:
  - Water Operating Fund- a decrease in Charges for Services of \$29,567, an increase in Contractual Services of \$48,778, an increase in Intergovernmental of \$45,470, and an increase in Other Debt Proceeds of \$32,875;
  - Sewer Operating Fund- a decrease in Charges for Services of \$1,519,500 and an increase in Intergovernmental of \$1,519,500.
- Mayor's Court activity was not properly posted resulting in an increase in Fines, License, and Permits of \$3,856, an increase in Other Operating Cash Disbursements of \$2,951, and an increase in Fund Cash Balance, January 1 of \$2,046.

The following represents the cumulative effect of the adjustments listed above on the fund cash balances as of December 31, 2013:

Fund	Unaudited 12/31/2013 fund balance	Net Increase/ (Decrease)	Audited 12/31/2013 fund balance
General Fund	68,120	(43,762)	24,358
Law Enforcement Trust Fund	8,524	(2,951)	5,573
Police Levy Fund	-	37,362	37,362
Sewer Operating	103,918	6,400	110,318
Mayor's Court Agency Fund	1,491	2,951	4,442

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 appropriate sources of the receipts and expenditures.

**Official's Response:** The Village will post receipts to the correct accounts.

**FINDING NUMBER 2013-006**

**Noncompliance Citation and Material Weakness**

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**FINDING NUMBER 2013-006 (Continued)**

**Noncompliance Citation and Material Weakness - Ohio Admin Code § 117-2-02(C)(1) (Continued)**

At December 31, 2012, estimated resources as approved by the Budget Commission did not agree to the Village's ledgers for the following funds:

Fund	Estimated Receipts, per System	Estimated Receipts, as Adopted	Variance
Street Fund	\$ 115,050	\$ 155,147	\$ (40,097)
Fire Truck Fund	58,900	48,282	10,618
Village Hall Project Fund	701,400	131,400	570,000
Water Operating Fund	968,782	843,274	125,508
Sewer Operating Fund	7,704,000	5,513,389	2,190,611
Recreation Fund	350	750	(400)

At December 31, 2012, appropriations as approved by Village Council did not agree to the Village's ledgers for the following funds:

Fund	Appropriations per System	Appropriations as Adopted	Variance
General Fund	\$ 767,354	\$ 626,000	\$ 141,354
Street Fund	134,091	175,000	(40,909)
Multipurpose Trail Fund	42,553	-	42,553
Mayor's Computerization Fund	2,000	12,000	(10,000)
Fire Equipment Fund	16,330	14,330	2,000
Fire Truck Fund	59,100	62,000	(2,900)
Refuse Fund	183,583	270,000	(86,417)
Village Hall Project Fund	603,087	556,340	46,747
Water Operating Fund	974,382	971,119	3,263
Sewer Operating Fund	7,096,909	6,049,629	1,047,280
Recreation Fund	1,565	1,916	(351)
Meter Deposit Fund	8,000	20,000	(12,000)
Leak Insurance Fund	6,000	10,000	(4,000)
Cemetery Fund	8,985	9,400	(415)
Sewer Improvement Fund	-	150,000	(150,000)
Water Capital Improvement Fund	-	250,000	(250,000)

**VILLAGE OF MIDDLEPORT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**FINDING NUMBER 2013-006 (Continued)**

**Noncompliance Citation and Material Weakness - Ohio Admin Code § 117-2-02(C)(1) (Continued)**

At December 31, 2013, appropriations as approved by Village Council did not agree to the Village's ledgers for the following funds:

Fund	Appropriations per System	Appropriations as Adopted	Variance
General Fund	\$ 952,711	\$ 637,335	\$ 315,376
Multipurpose Trail Fund	39,339	-	39,339
Mayor's Computerization Fund	10,000	12,000	(2,000)
FEMA Fund	6,939	6,000	939
Fire Equipment Fund	22,959	17,700	5,259
Refuse Fund	186,537	275,505	(88,968)
Village Hall Project Fund	5,201	-	5,201
Water Operating Fund	480,414	551,024	(70,610)
Sewer Operating Fund	2,137,914	2,896,325	(758,411)
Meter Deposit Fund	4,000	20,000	(16,000)
Leak Insurance Fund	3,000	10,000	(7,000)
Cemetery Fund	3,850	7,249	(3,399)
Sewer Improvement Fund	60,000	218,000	(158,000)
Water Capital Improvement Fund	60,000	358,000	(298,000)

Because the budgetary information posted to the accounting system differed from the amounts formally approved, Council lost some degree of control and was unable to effectively monitor and report its budget vs. actual status throughout the year.

We recommend the Fiscal Officer accurately post estimated receipts, as certified by the County Budget Commission, and appropriations, as approved by Council, to the accounting system to help ensure more useful comparisons of budget to actual activity and provide management with an accurate monitoring tool.

**Official's Response:** The Village will ensure that the Meigs County Auditor is advised when there are changes made to the Revenue Budget and the village will ensure that when appropriations are amended the Village will file an Amended Appropriation Resolution with the Meigs County Auditor after the approval of council so that it will not appear as if our appropriations exceed estimated resources.

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VILLAGE OF MIDDLEPORT  
MEIGS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Posting receipts and disbursements properly.	No	Not corrected. Repeated as Finding 2013-005.

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# Dave Yost • 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  
JULY 15, 2014**