

**VILLAGE OF MIDDLEPORT**

**MEIGS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**

**FISCAL YEARS AUDITED UNDER GAGAS: 2000 & 1999**

**BALESTRA & COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**STATE OF OHIO**  
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Mayor and Members of Council  
Village of Middleport  
Meigs County  
237 Race Street  
Middleport, Ohio 45760

We have reviewed the Independent Auditor's Report of the Village of Middleport, Meigs County, prepared by Balestra & Company, for the audit period January 1, 1999 through December 31, 2000. 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.

JIM PETRO  
Auditor of State

August 31, 2001

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VILLAGE OF MIDDLEPORT  
MEIGS COUNTY  
JANUARY 1, 1999 THROUGH DECEMBER 31, 2000

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**Independent Auditor's Report**

Mayor and Members of Council  
Village of Middleport  
Meigs County  
237 Race Street  
Middleport, Ohio 45760

We have audited the accompanying financial statements of the Village of Middleport, Meigs County, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and December 31, 1999, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2001, on our consideration of the Villages's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with report in considering the results of our audit.

This report is intended solely for the information and use of the Village Council, Mayor, Board of Public Affairs, management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Balestra & Company*

**BALESTRA & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

June 20, 2001

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, 2000

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>CASH RECEIPTS:</b>				
Local Taxes	\$305,308	\$59,491	\$0	\$364,799
Intergovernmental	192,610	99,188	0	291,798
Charges for Services	22,997	114,458	65,149	202,604
Fines, Licenses, and Permits	48,558	0	0	48,558
Interest	2,507	1,251	0	3,758
Miscellaneous	20,732	12,483	0	33,215
<b>Total Cash Receipts</b>	<u>592,712</u>	<u>286,871</u>	<u>65,149</u>	<u>944,732</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Security of Persons and Property	280,713	51,088	0	331,801
Public Health Services	0	98,249	0	98,249
Basic Utility Services	0	0	3,541	3,541
Transportation	0	138,168	0	138,168
General Government	209,210	0	0	209,210
Debt Service				
Redemption of Principal	0	45,509	0	45,509
Interest	0	18,208	0	18,208
Capital Outlay	0	190,000	0	190,000
<b>Total Cash Disbursements</b>	<u>489,923</u>	<u>541,222</u>	<u>3,541</u>	<u>1,034,686</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<u>102,789</u>	<u>(254,351)</u>	<u>61,608</u>	<u>(89,954)</u>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Loan Proceeds	0	190,000	0	190,000
Transfers-in	0	52,788	0	52,788
Transfers-Out	(76,410)	0	0	(76,410)
Other Uses	(3,490)	0	0	(3,490)
<b>Total Other Financing Sources/(Uses)</b>	<u>(79,900)</u>	<u>242,788</u>	<u>0</u>	<u>162,888</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	22,889	(11,563)	61,608	72,934
Fund Cash Balances, January 1, 2000	<u>9,137</u>	<u>108,350</u>	<u>82,224</u>	<u>199,711</u>
Fund Cash Balances, December 31, 2000	<u>\$32,026</u>	<u>\$96,787</u>	<u>\$143,832</u>	<u>\$272,645</u>

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



VILLAGE OF MIDDLEPORT  
MEIGS COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>OPERATING CASH RECEIPTS:</b>				
Charges for Services	\$453,327	\$0	\$0	\$453,327
Miscellaneous	10,376	4,173	67,667	82,216
<b>Total Operating Cash Receipts</b>	<b>463,703</b>	<b>4,173</b>	<b>67,667</b>	<b>535,543</b>
<b>OPERATING CASH DISBURSEMENTS:</b>				
Personal Services	221,484	0	0	221,484
Contractual Services	113,662	0	0	113,662
Supplies and Materials	122,418	0	0	122,418
<b>Total Operating Cash Disbursements</b>	<b>457,564</b>	<b>0</b>	<b>0</b>	<b>457,564</b>
Operating Income/Loss	6,139	4,173	67,667	77,979
<b>NON-OPERATING CASH RECEIPTS</b>				
Nonoperating Cash Receipts	110,997	0	0	110,997
<b>Total Non-Operating Cash Receipts</b>	<b>110,997</b>	<b>0</b>	<b>0</b>	<b>110,997</b>
<b>NON-OPERATING CASH DISBURSEMENTS</b>				
Debt Service	71,780	0	0	71,780
Other Non-Operating Cash Disbursements	119,838	0	68,111	187,949
<b>Total Non-Operating Cash Disbursements</b>	<b>191,618</b>	<b>0</b>	<b>68,111</b>	<b>259,729</b>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(74,482)	4,173	(444)	(70,753)
Transfers-in	17,500	6,122	0	23,622
<b>Net Receipts Over/(Under) Disbursements</b>	<b>(56,982)</b>	<b>10,295</b>	<b>(444)</b>	<b>(47,131)</b>
Fund Cash Balances, January 1, 2000	129,936	76,746	5,631	212,313
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$72,954</b>	<b>\$87,041</b>	<b>\$5,187</b>	<b>\$165,182</b>

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

VILLAGE OF MIDDLEPORT  
MEIGS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>CASH RECEIPTS:</b>				
Local Taxes	\$300,186	\$57,212	\$0	\$357,398
Intergovernmental	147,577	93,164	0	240,741
Charges for Services	10,856	101,590	65,365	177,811
Fines, Licenses, and Permits	43,732	0	0	43,732
Interest	4,825	0	0	4,825
Miscellaneous	32,252	18,127	0	50,379
<b>Total Cash Receipts</b>	<b>539,428</b>	<b>270,093</b>	<b>65,365</b>	<b>874,886</b>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Security of Persons and Property	326,372	46,771	0	373,143
Public Health Services	0	132,779	0	132,779
Basic Utility Services	0	0	9,972	9,972
Transportation	0	80,801	0	80,801
General Government	195,352	0	0	195,352
Debt Service				
Redemption of Principal	0	27,633	0	27,633
Interest	0	12,780	0	12,780
<b>Total Cash Disbursements</b>	<b>521,724</b>	<b>300,764</b>	<b>9,972</b>	<b>832,460</b>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	17,704	(30,671)	55,393	42,426
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfers-in	0	30,502	0	30,502
Transfers-Out	(29,789)	(27,826)	0	(57,615)
Other Uses	(1,909)	0	0	(1,909)
<b>Total Other Financing Sources/(Uses)</b>	<b>(31,698)</b>	<b>2,676</b>	<b>0</b>	<b>(29,022)</b>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	(13,994)	(27,995)	55,393	13,404
Fund Cash Balances, January 1, 1999	23,131	136,345	26,831	186,307
Fund Cash Balances, December 31, 1999	\$9,137	\$108,350	\$82,224	\$199,711

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

VILLAGE OF MIDDLEPORT  
MEIGS COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>OPERATING CASH RECEIPTS:</b>				
Charges for Services	\$437,189	\$0	\$706	\$437,895
Miscellaneous	17,697	0	59,681	77,378
<b>Total Operating Cash Receipts</b>	<b>454,886</b>	<b>0</b>	<b>60,387</b>	<b>515,273</b>
<b>OPERATING CASH DISBURSEMENTS:</b>				
Personal Services	215,825	0	0	215,825
Contractual Services	144,501	0	0	144,501
Supplies and Materials	140,141	0	0	140,141
<b>Total Operating Cash Disbursements</b>	<b>500,467</b>	<b>0</b>	<b>0</b>	<b>500,467</b>
Operating Income/Loss	(45,581)	0	60,387	14,806
<b>NON-OPERATING CASH RECEIPTS</b>				
Nonoperating Cash Receipts	13,152	0	0	13,152
<b>Total Non-Operating Cash Receipts</b>	<b>13,152</b>	<b>0</b>	<b>0</b>	<b>13,152</b>
<b>NON-OPERATING CASH DISBURSEMENTS</b>				
Debt Service	84,896	0	0	84,896
Other Non-Operating Cash Disbursements	7,538	5,787	61,585	74,910
<b>Total Non-Operating Cash Disbursements</b>	<b>92,434</b>	<b>5,787</b>	<b>61,585</b>	<b>159,806</b>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(124,863)	(5,787)	(1,198)	(131,848)
Transfers-In	27,113	0	0	27,113
Net Receipts Over/(Under) Disbursements	(97,750)	(5,787)	(1,198)	(104,735)
Fund Cash Balances, January 1, 1999	227,686	82,533	6,829	317,048
Fund Cash Balances, December 31, 1999	<u>\$129,936</u>	<u>\$76,746</u>	<u>\$5,631</u>	<u>\$212,313</u>

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

VILLAGE OF MIDDLEPORT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Years Ended December 31, 2000 and December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Middleport, Meigs County, 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. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations, and police services.

The Village's management believes these financial statements represent all activities for which the Village is financially accountable except debt service funds maintained by outside custodians which are not included in these financial statements as discussed in Note 5.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when 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).

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

C. Cash and Investments

Mutual funds are recorded at share values reported by the mutual fund.

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

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 contract to be restricted.

**Special Revenue Funds**

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money to construct, maintain and repair Village streets.

VILLAGE OF MIDDLEPORT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Years Ended December 31, 2000 and December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

**Special Revenue Funds** (Continued)

Fire Truck Fund- This fund receives property and other taxes, and the proceeds from a bond issue for the purchase of a new fire truck.

Refuse Fund- This fund receives monies charged with the utility billing to provide refuse collection within the Village.

**Capital Project Funds**

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

Water System Improvement Fund- This fund receives proceeds from the General Fund. The proceeds are used to make improvements to existing water and sewer system structures.

**Enterprise Funds**

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

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

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

**Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The village had the following significant fiduciary funds:

Cemetery Endowment Fund- This fund receives interest from the invested fund balance. The interest is then used to provide general cemetery maintenance.

Mayor's Court - This fund receives fines from police department citations. These monies are divided between the Village and the State, as prescribed by law.

VILLAGE OF MIDDLEPORT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Years Ended December 31, 2000 and December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process

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

Appropriations

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

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year fund cash balances. The County Budget Commission must also approve 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 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

VILLAGE OF MIDDLEPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Years Ended December 31, 2000 and December 31, 1999

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$452,713	\$429,419
Mutual Fund Investments	<u>123,844</u>	<u>120,570</u>
Total Deposits and Investments:	<u>576,557</u>	<u>549,989</u>
Reconciling Items	<u>(138,730)</u>	<u>(137,965)</u>
Carrying Amount	<u>\$437,827</u>	<u>\$412,024</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** The Village invests its Cemetery Trust Fund balance in no-load mutual fund which is an eligible investment per the Ohio Revised Code.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999, was as follows:

<u>Fund Type</u>	<u>2000 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$573,095	\$ 592,712	\$19,617
Special Revenue	313,070	529,659	216,589
Capital Projects	66,000	65,149	(851)
Enterprise	547,591	592,200	44,609
Non-Expendable	<u>0</u>	<u>10,295</u>	<u>10,295</u>
Total	<u>\$1,499,756</u>	<u>\$1,790,015</u>	<u>\$290,259</u>

<u>Fund Type</u>	<u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Disbursements</u>	
General	\$593,806	\$569,823	\$23,983
Special Revenue	612,459	541,222	71,237
Capital Projects	10,000	3,541	6,459
Enterprise	655,338	649,182	6,156
Non-Expendable	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$1,871,603</u>	<u>\$1,763,768</u>	<u>\$107,835</u>

VILLAGE OF MIDDLEPORT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Years Ended December 31, 2000 and December 31, 1999

3. BUDGETARY ACTIVITY (CONTINUED)

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$468,370	\$539,428	\$71,058
Special Revenue	268,586	300,595	32,009
Capital Projects	54,000	65,365	11,365
Enterprise	0	495,151	495,151
Non-Expendable	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$790,956</u>	<u>\$1,400,539</u>	<u>\$609,583</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$542,340	\$553,422	(\$11,082)
Special Revenue	351,926	328,590	23,336
Capital Projects	10,000	9,972	28
Enterprise	625,007	592,901	32,106
Non-Expendable	<u>0</u>	<u>5,787</u>	<u>(5,787)</u>
Total	<u>\$1,529,273</u>	<u>\$1,490,672</u>	<u>\$38,601</u>

4. PROPERTY TAX

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

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

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

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



VILLAGE OF MIDDLEPORT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Years Ended December 31, 2000 and December 31, 1999

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (OWDA)	\$129,072	8.09%
Sewer Mortgage Revenue Bonds	120,000	5.00%
Water Mortgage Revenue Bonds	105,000	5.25%
General Obligation Bonds (Fire Truck)	195,000	5.00%
Police Cruiser Loan	2,300	9.00%
Fire Truck Loan	174,491	5.75%
Total	<u>\$725,863</u>	

The Ohio Water Development Authority Loan (OWDA) loan relates to utility construction projects. Annual principal and interest payments will be made through the year 2012.

The Sewer Mortgage Revenue Bonds were issued in 1967 for sewage system and sewage disposal facilities improvement. Annual principal and interest payments will be made through the year 2007. The Sewer Project trust agreement required the Village to establish a debt service account to be maintained by a custodian bank. The Village established this account. The activity of this account is not reflected in the accompanying financial statements.

The Water Mortgage Revenue Bonds were issued in 1967 for waterworks facilities improvement. Annual principal and interest payments will be made through the year 2007. The Water Project trust agreement required the Village to establish a debt service account to be maintained by a custodian bank. The Village established this account. The activity of this account is not reflected in the accompanying financial statements.

The General Obligation Bonds were issued in 1998 to refinance the Farmer's Home Administration Loan (FmHA) that was issued in 1991 for the purchase of a ladder truck for the fire department. Annual principal and interest payments will be made through the year 2006.

The Police Cruiser Loan was obtained in 1997 to purchase a new police cruiser for the Village Police Department. Annual principal and interest payments will be made through the year 2001.

The Fire Truck Loan was obtained in 2000 to purchase a new fire truck. Annual principal and interest payments will be made through the year 2011.

Amortization of the above debt, including \$225,406 of interest, is scheduled as follows:

Year ending December 31:	<u>OWDA Loan</u>	<u>Sewer Mortgage Revenue Bonds</u>	<u>Water Mortgage Revenue Bonds</u>	<u>Fire Truck Bonds</u>	<u>Police Cruiser Loan</u>	<u>Fire Truck Loan</u>
2001	\$ 16,743	\$ 20,766	\$ 20,513	\$ 39,960	\$ 2,348	\$ 21,714
2002	16,743	19,997	19,725	38,460	0	21,714
2003	16,743	19,228	18,938	36,960	0	21,714
2004	16,743	18,459	18,150	40,460	0	21,714
2005	16,743	22,563	17,363	38,640	0	21,714
Subsequent	124,938	42,050	32,363	36,820	0	130,283
Total	<u>\$208,653</u>	<u>\$143,063</u>	<u>\$127,052</u>	<u>\$231,300</u>	<u>\$ 2,348</u>	<u>\$238,853</u>

VILLAGE OF MIDDLEPORT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Years Ended December 31, 2000 and December 31, 1999

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 2000, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS member contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

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

- Comprehensive property and general liability
- Vehicles
- Inland marine
- Law enforcement liability
- Public officials liability

The Village also provides life and medical insurance coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

A. Grants

The Village received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Village at December 31, 2000.

B. Litigation

The Village was involved in a lawsuit with an employee. The settlement reached required the Village to pay \$6,257.41 for four years to this employee. Final payment will be made in 2001.

**BALESTRA & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS  
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**Report on compliance and on internal controls over financial reporting based on an audit  
Of financial statements performed in accordance with *Government Auditing Standards***

Mayor and Members of Council  
Village of Middleport  
Meigs County  
237 Race Street  
Middleport, Ohio 45760

We have audited the financial statements of the Village of Middleport, Meigs County, (the Village) as of and for the years ended December 31, 2000, and December 31, 1999, and have issued our report thereon dated June 20, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated June 20, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated June 20, 2001.

Village of Middleport

Meigs County

Report on compliance and on internal controls over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*

Page 2

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

*Balestra & Company*

BALESTRA & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

June 20, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
SEPTEMBER 13, 2001**