



***VILLAGE OF MIDDLEPORT  
MEIGS COUNTY***

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**Regular Audit**

**For the Years Ended  
December 31, 2017 and 2016**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

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, 2016 through December 31, 2017. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 19, 2018

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**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**

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For the Years Ended December 31, 2017 and 2016

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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, 2017 and 2016.

### ***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, 2017 and 2016 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, 2017 and 2016, 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, 2017 and 2016, 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.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated July 3, 2018 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

July 3, 2018



**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, 2017**

	Governmental Fund Types			Totals
	General	Special Revenue	Permanent	
<b><u>Cash Receipts:</u></b>				
Property and Local Taxes	\$73,761	\$138,233	\$0	\$211,994
Municipal Income Tax	266,051	0	0	266,051
Intergovernmental	138,917	174,999	0	313,916
Charges for Service	292,366	211,742	0	504,108
Fines, Licenses, and Permits	125,669	1,637	0	127,306
Earnings on Investments	1,248	32	0	1,280
Miscellaneous	24,491	5,357	0	29,848
<b>Total Cash Receipts</b>	<b>922,503</b>	<b>532,000</b>	<b>0</b>	<b>1,454,503</b>
<b><u>Cash Disbursements:</u></b>				
<i>Current:</i>				
General Government	168,358	4,000	0	172,358
Security of Persons and Property	705,258	124,696	0	829,954
Public Health Services	0	0	3	3
Basic Utility Services	0	184,361	0	184,361
Transportation	0	137,952	0	137,952
<i>Debt Service:</i>				
Principal	30,000	75,511	0	105,511
Interest and Fiscal Charges	1,514	31,632	0	33,146
<b>Total Cash Disbursements</b>	<b>905,130</b>	<b>558,152</b>	<b>3</b>	<b>1,463,285</b>
Cash Receipts Over/(Under) Cash Disbursements	17,373	(26,152)	(3)	(8,782)
Fund Cash Balances, January 1, As Restated	27,026	84,818	87,723	199,567
Nonspendable	0	0	87,720	87,720
Restricted	0	59,264	0	59,264
Unassigned	44,399	(598)	0	43,801
<b>Fund Cash Balances, December 31</b>	<b>\$44,399</b>	<b>\$58,666</b>	<b>\$87,720</b>	<b>\$190,785</b>

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, 2017**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<b><u>Operating Cash Receipts:</u></b>			
Charges for Services	\$831,116	\$0	\$831,116
Intergovernmental	151,103	0	151,103
Fines, Licenses, and Permits	0	109,761	109,761
Miscellaneous	900	0	900
Total Operating Cash Receipts	<u>983,119</u>	<u>109,761</u>	<u>1,092,880</u>
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	269,685	0	269,685
Employee Fringe Benefits	124,445	0	124,445
Contractual Services	405,707	0	405,707
Supplies and Materials	125,732	0	125,732
Other	11,994	107,707	119,701
Total Operating Cash Disbursements	<u>937,563</u>	<u>107,707</u>	<u>1,045,270</u>
Operating Income (Loss)	45,556	2,054	47,610
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>			
Special Assessments	120,503	0	120,503
Miscellaneous Receipts	4,987	0	4,987
Proceeds of Debt	333,633	0	333,633
Capital Outlay	(252,779)	0	(252,779)
Principal Retirement	(243,964)	0	(243,964)
Interest and Other Fiscal Charges	(48,085)	0	(48,085)
Total Non-Operating Cash Receipts (Disbursements)	<u>(85,705)</u>	<u>0</u>	<u>(85,705)</u>
Net Change in Fund Cash Balances	(40,149)	2,054	(38,095)
Fund Cash Balances, January 1	<u>733,291</u>	<u>5,323</u>	<u>738,614</u>
<b><i>Fund Cash Balances, December 31</i></b>	<b><u><u>\$693,142</u></u></b>	<b><u><u>\$7,377</u></u></b>	<b><u><u>\$700,519</u></u></b>

See accompanying notes to the financial statements.

**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**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, 2017**

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**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 2017 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, 2017**

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**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, 2017 was as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$938,090	\$922,503	(\$15,587)
Special Revenue	481,905	532,000	50,095
Enterprise	1,226,932	1,442,242	215,310
<i>Total</i>	\$2,646,927	\$2,896,745	\$249,818

**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**Note 3 – Budgetary Basis of Accounting** (continued)

2017 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$946,126	\$905,130	\$40,996
Special Revenue	562,170	558,152	4,018
Permanent	3	3	0
Enterprise	1,893,196	1,482,391	410,805
<i>Total</i>	\$3,401,495	\$2,945,676	\$455,819
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, 2017
Demand Deposits	\$891,304
Total	\$891,304

*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, 2017*

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**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, 2017.

***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, 2017.

***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, 2017.

**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, 2017**

**Note 9 – Debt**

A schedule of changes in long-term obligations of the Village during 2017 follows:

	Interest Rate	Principal Balance 12-31-16	Issued in 2017	Retired in 2017	Principal Balance 12-31-17
Building Bond	4.00%	\$852,500	\$0	\$55,000	\$797,500
Ohio Water Development Authority 3429	2.00%	137,818	0	23,573	114,245
Ohio Water Development Authority 5247	0.00%	545,475	0	22,728	522,747
Ohio Water Development Authority 6153	0.00%	221,450	0	6,489	214,961
Ohio Public Works Commission - Rutland St.	3.00%	91,541	0	14,084	77,457
Kansas State Bank - Ladder Truck	4.11%	757,582	0	64,260	693,322
Peoples Bank - Police Cruiser	5.23%	19,709	0	6,408	13,301
John Deere Financial - 2 Mowers	0.00%	17,353	0	4,843	12,510
Ally - GMC Dump Truck	12.00%	23,233	0	7,185	16,048
2016 Silverado	5.24%	41,813	0	5,859	35,954
Ohio Water Development Authority 7395	1.00%	110,000	27,252	137,252	0
Ohio Water Development Authority 7550	1.00%	0	251,200	0	251,200
2017 Ford F-550	4.23%	0	55,181	1,338	53,843
Total		<u>\$2,818,474</u>	<u>\$333,633</u>	<u>\$349,019</u>	<u>\$2,803,088</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. This loan has not been fully dispersed as of December 31, 2013, and no amortization schedule is available for 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.



**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**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 Ohio Water Development Authority (OWDA) loan #7395 relates to CSO/SSO/Mine Drainage Flow Improvements that was mandated by the Ohio Environmental Protection Agency. This loan was repaid with principal forgiveness through OWDA.

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.

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.

**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**Note 9 – Debt - (Continued)**

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

	<u>Building Bond</u>	<u>OWDA Loan 3429</u>	<u>OWDA Loan 5247</u>	<u>OWDA Loan 6153</u>	<u>OPWC Lift Station</u>	<u>Ladder Fire Truck</u>
2018	\$90,661	\$26,499	\$22,728	\$9,787	\$16,714	\$95,000
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	13,249	22,728	9,787	16,712	95,000
2023-2027	365,716	0	113,640	48,935	0	321,756
2028-2032	275,653	0	113,640	48,935	0	56,691
2033-2037	0	0	113,640	48,935	0	0
2038-2042	0	0	68,187	19,221	0	0
Total	<u>\$1,069,648</u>	<u>\$119,245</u>	<u>\$522,747</u>	<u>\$214,961</u>	<u>\$83,566</u>	<u>\$853,447</u>

	<u>Police Cruiser</u>	<u>John Deere Mowers</u>	<u>GMC Dump Truck</u>	<u>Silverado Truck</u>	<u>OWDA Loan 7550</u>	<u>Ford F-550 Truck</u>
2018	\$7,300	\$4,843	\$8,312	\$8,426	\$51,325	\$10,429
2019	6,692	4,843	8,312	8,426	51,527	10,429
2020	0	2,825	693	8,426	51,527	10,429
2021	0	0	0	8,426	51,527	10,429
2022	0	0	0	7,022	51,527	10,429
2023-2027	0	0	0	0	0	8,691
Total	<u>\$13,992</u>	<u>\$12,511</u>	<u>\$17,317</u>	<u>\$40,726</u>	<u>\$257,433</u>	<u>\$60,836</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, 2017**

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**Note 11 – Prior Period Adjustment**

In January 2017, 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, 2016	\$84,808
Understatement of Cash and Cash Equivalents	10
Adjusted Fund Balance at December 31, 2016	\$84,818

**Note 12 – Fund Cash Balances**

As of December 31, 2017, 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	28,873	0	28,873
Court Operations	0	653	0	653
Drug & Alcohol Education and Enforcement	0	0	0	0
Fire Operations	0	4,741	0	4,741
Police Operations	0	2,405	0	2,405
Road Maintenance & Improvements	0	20,810	0	20,810
<i>Unassigned</i>	44,399	(598)	0	43,801
Total	\$44,399	\$58,666	\$87,720	\$190,785

**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, 2016**

	Governmental Fund Types			Totals
	General	Special Revenue	Permanent	
<b><u>Cash Receipts:</u></b>				
Property and Local Taxes	\$77,340	\$142,358	\$0	\$219,698
Municipal Income Tax	249,064	0	0	249,064
Intergovernmental	112,942	146,825	0	259,767
Charges for Service	318,629	196,112	0	514,741
Fines, Licenses, and Permits	111,024	1,730	0	112,754
Earnings on Investments	1,394	346	0	1,740
Miscellaneous	7,782	498	0	8,280
<b>Total Cash Receipts</b>	<b>878,175</b>	<b>487,869</b>	<b>0</b>	<b>1,366,044</b>
<b><u>Cash Disbursements:</u></b>				
<i>Current:</i>				
General Government	142,783	3,114	0	145,897
Security of Persons and Property	707,913	198,194	0	906,107
Basic Utility Services	0	226,512	0	226,512
Transportation	0	132,553	0	132,553
<i>Debt Service:</i>				
Principal	520	74,329	0	74,849
Interest and Fiscal Charges	5,180	29,829	0	35,009
<b>Total Cash Disbursements</b>	<b>856,396</b>	<b>664,531</b>	<b>0</b>	<b>1,520,927</b>
Cash Receipts Over/(Under) Cash Disbursements	21,779	(176,662)	0	(154,883)
<b><u>Other Financing Receipts (Disbursements)</u></b>				
Other Financing Uses	0	(1,689)	0	(1,689)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>0</b>	<b>(1,689)</b>	<b>0</b>	<b>(1,689)</b>
Net Change in Fund Cash Balance	21,779	(178,351)	0	(156,572)
Fund Cash Balances, January 1, As Restated	5,247	263,159	87,723	356,129
Nonspendable	0	0	87,720	87,720
Restricted	0	84,808	3	84,811
Unassigned	27,026	0	0	27,026
<b>Fund Cash Balances, December 31</b>	<b>\$27,026</b>	<b>\$84,808</b>	<b>\$87,723</b>	<b>\$199,557</b>

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, 2016**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<b><u>Operating Cash Receipts:</u></b>			
Charges for Services	\$812,871	\$0	\$812,871
Fines, Licenses, and Permits	0	86,207	86,207
Total Operating Cash Receipts	<u>812,871</u>	<u>86,207</u>	<u>899,078</u>
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	237,744	0	237,744
Employee Fringe Benefits	159,931	0	159,931
Contractual Services	247,236	0	247,236
Supplies and Materials	131,435	0	131,435
Other	10,125	86,080	96,205
Total Operating Cash Disbursements	<u>786,471</u>	<u>86,080</u>	<u>872,551</u>
Operating Income (Loss)	26,400	127	26,527
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>			
Special Assessments	118,901	0	118,901
Miscellaneous Receipts	1,712	0	1,712
Proceeds of Debt	153,301	0	153,301
Capital Outlay	(370,033)	0	(370,033)
Principal Retirement	(130,749)	0	(130,749)
Interest and Other Fiscal Charges	(45,290)	0	(45,290)
Total Non-Operating Cash Receipts (Disbursements)	<u>(272,158)</u>	<u>0</u>	<u>(272,158)</u>
Net Change in Fund Cash Balances	(245,758)	127	(245,631)
Fund Cash Balances, January 1, As Restated	<u>979,049</u>	<u>5,196</u>	<u>984,245</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$733,291</u></u></b>	<b><u><u>\$5,323</u></u></b>	<b><u><u>\$738,614</u></u></b>

See accompanying notes to the financial statements.

**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**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, 2016*

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**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 2016 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, 2016**

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**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, 2016 was as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$865,901	\$878,175	\$12,274
Special Revenue	496,084	487,869	(8,215)
Enterprise	1,243,922	1,086,785	(157,137)
<i>Total</i>	\$2,605,907	\$2,452,829	(\$153,078)



**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**Note 3 – Budgetary Basis of Accounting** (continued)

2016 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$864,798	\$856,396	\$8,402
Special Revenue	692,607	666,220	26,387
Permanent	3	0	3
Enterprise	2,218,739	1,332,543	886,196
<i>Total</i>	\$3,776,147	\$2,855,159	\$920,988

**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, 2016
Demand Deposits	\$938,171
Total	\$938,171

*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, 2016*

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**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, 2016.

***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, 2016.

***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, 2016.

**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 2 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, 2016**

**Note 9 – Debt**

A schedule of changes in long-term obligations of the Village during 2016 follows:

	Interest Rate	Principal Balance 12-31-15	Issued in 2016	Retired in 2016	Principal Balance 12-31-16
Building Bond	4.00%	\$907,500	\$0	\$55,000	\$852,500
Ohio Water Development Authority 3429	2.00%	161,218	0	23,668	137,550
Ohio Water Development Authority 5247	0.00%	568,203	0	22,728	545,475
Ohio Water Development Authority 6153	0.00%	231,237	0	9,787	221,450
Ohio Public Works Commission - Rutland St.	3.00%	105,212	0	13,671	91,541
Sun Trust Bank - Fire Truck	4.32%	36,236	0	36,236	0
Kansas State Bank - Ladder Truck	4.11%	784,849	0	27,267	757,582
Peoples Bank - Police Cruiser	5.23%	25,765	0	6,056	19,709
John Deere Financial - 2 Mowers	0.00%	22,196	0	4,843	17,353
Ally - GMC Dump Truck	12.00%	28,087	0	4,854	23,233
2016 Silverado	5.24%	0	43,301	1,488	41,813
Ohio Water Development Authority 7395	1.00%	0	110,000	0	110,000
Total		<u>\$2,870,503</u>	<u>\$153,301</u>	<u>\$205,598</u>	<u>\$2,818,206</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. This loan has not been fully dispersed as of December 31, 2013, and no amortization schedule is available for 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.

**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 9 – Debt** - (Continued)

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 semiannual installments of \$17,986, including interest, through October 2016.

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 Ohio Water Development Authority (OWDA) loan #7395 relates to CSO/SSO/Mine Drainage Flow Improvements that was mandated by the Ohio Environmental Protection Agency. This loan has not been fully dispersed as of December 31, 2016, and no amortization schedule is available for repayment. The loan will be repaid with principal forgiveness through OWDA.

**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**Note 9 – Debt - (Continued)**

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

	<u>Building Bond</u>	<u>OWDA Loan 3429</u>	<u>OWDA Loan 5247</u>	<u>OWDA Loan 6153</u>	<u>OPWC Lift Station</u>
2017	\$93,163	\$26,499	\$22,728	\$9,787	\$16,713
2018	90,661	26,499	22,728	9,787	16,714
2019	88,158	26,499	22,728	9,787	16,713
2020	85,656	26,499	22,728	9,787	16,714
2021	83,153	26,499	22,728	9,787	16,713
2022-2026	378,228	13,249	113,640	48,935	16,712
2027-2031	315,666	0	113,640	48,935	0
2032-2036	28,126	0	113,640	48,935	0
2037-2040	0	0	90,915	25,710	0
Total	<u>\$1,162,811</u>	<u>\$145,744</u>	<u>\$545,475</u>	<u>\$221,450</u>	<u>\$100,279</u>

	<u>Ladder Fire Truck</u>	<u>Police Cruiser</u>	<u>John Deere Mowers</u>	<u>GMC Dump Truck</u>	<u>Silverado Truck</u>
2017	\$95,000	\$7,300	\$4,843	\$8,312	\$8,426
2018	95,000	7,300	4,843	8,312	8,426
2019	95,000	6,692	4,843	8,312	8,426
2020	95,000	0	2,824	693	8,426
2021	95,000	0	0	0	8,426
2022-2026	360,070	0	0	0	7,022
2027-2031	113,377	0	0	0	0
Total	<u>\$948,447</u>	<u>\$21,292</u>	<u>\$17,353</u>	<u>\$25,629</u>	<u>\$49,152</u>

OWDA Loan 7395 is not completed at December 31, 2016, so no amortization schedule has been prepared for this loan.

**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, 2016**

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**Note 11 – Prior Period Adjustment**

In January 2016, the Village had voided previously issued checks. This resulted in a restatement of the prior period cash balance.

	General	Special Revenue	Enterprise
Fund Balance at December 31, 2015	\$5,182	\$236,497	\$977,779
Understatement of Cash and Cash Equivalents	65	26,662	1,270
Adjusted Fund Balance at December 31, 2015	\$5,247	\$263,159	\$979,049

**Note 12 – Fund Cash Balances**

As of December 31, 2016, 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	17,692	0	17,692
Court Operations	0	3,016	0	3,016
Drug & Alcohol Education and Enforcement	0	21,671	0	21,671
Fire Operations	0	3,747	0	3,747
Police Operations	0	4,514	0	4,514
Cemetery	0	0	3	3
Road Maintenance & Improvements	0	32,386	0	32,386
<i>Unassigned</i>	27,026	0	0	27,026
<b>Total</b>	<b>\$27,026</b>	<b>\$84,808</b>	<b>\$87,723</b>	<b>\$199,557</b>

**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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 3, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 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 2017-001 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 2017-001.

### **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

July 3, 2018



**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2017 and 2016**

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

***Finding Number 2017-001***

**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 2016:

- General Fund intergovernmental revenue of \$6,981 misposted as taxes revenue;
- Police Levy Fund intergovernmental revenue of \$3,232 misposted as taxes revenue;
- Fire Equipment Fund intergovernmental revenue of \$3,458 misposted as taxes revenue;
- Fire Truck Fund intergovernmental revenue of \$3,000 misposted as taxes revenue;
- Law Enforcement Trust Fund other receipts of \$5,196 was unrecorded;
- Law Enforcement Trust Fund other expenditures of \$43,802 was unrecorded;
- Water Operating Fund to record entry for debt issued of \$43,301, the debt proceeds and capital outlay expense were increased;
- Water Operating Fund debt proceeds of \$110,000 misposted as special item;
- Mayor's Court Fund other non-operating receipts of \$85,829 was unrecorded;
- Mayor's Court Fund other non-operating disbursements of \$86,080 was unrecorded.

In 2017:

- General Fund intergovernmental revenue of \$13,797 misposted as taxes revenue;
- Police Levy Fund intergovernmental revenue of \$6,376 misposted as taxes revenue;
- Fire Truck Fund intergovernmental revenue of \$12,699 misposted as taxes revenue;
- Law Enforcement Trust Fund other receipts of \$26,770 was unrecorded;
- Law Enforcement Trust Fund other expenditures of \$49,038 was unrecorded;
- Water Operating Fund to record entry for debt issued of \$55,181, the debt proceeds and capital outlay expense were increased;
- Water Operating Fund debt proceeds of \$251,200 misposted as special items;
- Water Operating Fund intergovernmental of \$42,213 misposted as special items;
- Mayor's Court Fund other non-operating receipts of \$38,244 was unrecorded;
- Mayor's Court Fund other non-operating disbursements of \$41,942 was unrecorded.

**VILLAGE OF MIDDLEPORT, MEIGS COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2017 and 2016**

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***Finding Number 2017-001***

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, 2017 and 2016

<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
<i>Government Auditing Standards:</i>			
2015-001	A noncompliance citation of Ohio Rev. Code 5705.39 for appropriations exceeding estimated resources.	Corrected	N/A
2015-002	A noncompliance citation of Ohio Rev. Code 5705.40 for budgeted amounts in accounting system differing from amounts approved by Council.	Corrected	N/A
2015-003	A noncompliance citation of Ohio Rev. Code 5705.41(B) for expenditures exceeding appropriations.	Corrected	N/A
2015-004	A material weakness and noncompliance citation of Ohio Admin. Code 117-2-02(A) audit adjustments.	Not Corrected	Reissued as Finding 2017-001
2015-005	A material weakness and noncompliance citation of Ohio Admin. Code 117-2-02(C)(1) approved estimated receipts did not agree to the Village's accounting system.	Partially Corrected	Moved to Management Letter

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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  
OCTOBER 2, 2018