



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF MIDDLEPORT
MEIGS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001	3
Combined 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, 2001	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Middleport, Meigs County, Ohio (the Village), as of and for the year ended December 31, 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of Middleport, Meigs County, as of December 31, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Village Council 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping loop at the end.

Jim Petro
Auditor of State

June 3, 2002

**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, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 279,936	\$ 54,731	\$	\$ 334,667
Intergovernmental Receipts	156,119	403,414	284,420	843,953
Charges for Services	9,900	108,435	70,590	188,925
Fines, Licenses, and Permits	56,944			56,944
Earnings on Investments	3,506	611		4,117
Miscellaneous	54,271	5,402		59,673
	<u>560,676</u>	<u>572,593</u>	<u>355,010</u>	<u>1,488,279</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	260,962	45,533		306,495
Public Health Services		97,270		97,270
Transportation		88,850		88,850
General Government	229,450			229,450
Debt Service:				
Principal Payments		46,676		46,676
Interest Payments		14,998		14,998
Capital Outlay		319,854	620,822	940,676
	<u>490,412</u>	<u>613,181</u>	<u>620,822</u>	<u>1,724,415</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>70,264</u>	<u>(40,588)</u>	<u>(265,812)</u>	<u>(236,136)</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes			517,796	517,796
Transfers-In		33,000		33,000
Transfers-Out	(56,447)			(56,447)
	<u>(56,447)</u>	<u>33,000</u>	<u>517,796</u>	<u>494,349</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,817	(7,588)	251,984	258,213
Fund Cash Balances, January 1	32,026	96,787	143,832	272,645
Fund Cash Balances, December 31	<u>\$ 45,843</u>	<u>\$ 89,199</u>	<u>\$ 395,816</u>	<u>\$ 530,858</u>

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

VILLAGE OF MIDDLEPORT
MEIGS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$ 472,686	\$	\$	\$ 472,686
Miscellaneous	4,558	679		5,237
Total Operating Cash Receipts	<u>477,244</u>	<u>679</u>	<u>0</u>	<u>477,923</u>
Operating Cash Disbursements:				
Personal Services	231,748			231,748
Contractual Services	113,537			113,537
Supplies and Materials	93,681			93,681
Total Operating Cash Disbursements	<u>438,966</u>	<u>0</u>	<u>0</u>	<u>438,966</u>
Operating Income/(Loss)	<u>38,278</u>	<u>679</u>	<u>0</u>	<u>38,957</u>
Non-Operating Cash Receipts/ (Disbursements):				
Other Non-Operating Receipts	9,653		74,331	83,984
Debt Service	(58,405)			(58,405)
Other Non-Operating Disbursements			(74,688)	(74,688)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(48,752)</u>	<u>0</u>	<u>(357)</u>	<u>(49,109)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	(10,474)	679	(357)	(10,152)
Transfers-In	<u>23,447</u>			<u>23,447</u>
Net Cash Receipts Over/(Under) Cash Disbursements	12,973	679	(357)	13,295
Fund Cash Balances, January 1	<u>72,954</u>	<u>87,041</u>	<u>2,150</u>	<u>162,145</u>
Fund Cash Balances, December 31	<u>\$ 85,927</u>	<u>\$ 87,720</u>	<u>\$ 1,793</u>	<u>\$ 175,440</u>

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

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Middleport, Meigs County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council, Mayor and Clerk. The Village provides general governmental services, including maintenance of streets, water and sewer utility services, park operations, and police protection services.

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

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 paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

All cash assets of the Village are pooled in an interest-bearing checking account.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than 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 for constructing, maintaining and repairing Village streets.

Refuse Fund - This fund accounts for the receipts and disbursements related to trash pick-up and disposal in the Village. The Village contracts with a private hauler for this service.

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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 funds). The Village had the following significant Capital Project Fund:

Water Improvement Fund – This fund receives loan proceeds and grant funds from the Ohio Water Development Authority and the Ohio Public Work Commission. The proceeds are used to make improvements to existing water and sewer system structures.

4. 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.

5. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Agency Fund:

Mayor's Court Fund - This fund accounts for the financial activity of the Mayor's Court.

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH

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

	2001
Demand deposits	<u>\$ 706,298</u>

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

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 491,958	\$ 560,676	\$ 68,718
Special Revenue	298,270	605,593	307,323
Capital Projects	66,000	872,806	806,806
Enterprise	479,838	510,344	30,506
Fiduciary	4,800	679	(4,121)
Total	\$ 1,340,866	\$ 2,550,098	\$ 1,209,232

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriations	Actual Expenditures	Variance
General	\$ 546,155	\$ 546,859	\$ (704)
Special Revenue	386,518	613,181	(226,663)
Capital Projects	205,000	620,822	(415,822)
Enterprise	784,428	497,371	287,057
Fiduciary	0	0	0
Total	\$ 1,922,101	\$ 2,278,233	\$ (356,132)

Budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance and Repair Fund (Special Revenue) by \$298,704 and in the Water Improvement Fund (Capital Projects) by \$415,822 for the year ended December 31, 2001. These variances were caused by audit adjustments.

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 payments, 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
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

5. LOCAL INCOME TAX

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

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

Income tax receipts collected for the year ended December 31, 2001, were \$240,248. These were credited to the General Fund.

6. DEBT

Debt outstanding at December 31, 2001, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan (OPWC)	\$ 249,999	3.00%
Ohio Water Development Authority Loan (OWDA)	122,612	8.09%
Sewer Mortgage Revenue Bonds	105,000	5.00%
Water Mortgage Revenue Bonds	90,000	5.25%
General Obligation Bonds (Fire Truck)	165,000	5.00%
Fire Truck Loan	162,780	5.75%
Total	<u>\$ 895,391</u>	

The Ohio Public Works Commission Loan (OPWC), issued in 2001, relates to a sewer lift station project. The loan will be repaid in semiannual installments of \$8,357, including interest, over 20 years. Revenue from the sewer system will be used to repay this debt.

The Ohio Water Development Authority Loan (OWDA), issued in 1989, relates to water and sewer construction projects. The loan will be repaid in semiannual installments of \$8,371, including interest. Revenue from the water and sewer systems will be used to repay this debt.

The Sewer Mortgage Revenue Bonds were issued in 1967 for sewage system and sewage disposal facilities improvement. The loan will be repaid in semiannual principal installments of \$15,000. Revenue from the sewer system will be used to repay this debt. The Sewer Mortgage Revenue Bonds trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2001, the custodian held \$124,317 in Village assets. These assets, and the related activity of the trust account, are not reflected in the accompanying financial statements.

The Water Mortgage Revenue Bonds were issued in 1967 for waterworks facilities improvement. The loan will be repaid in annual principal installments of \$15,000. Revenue from the water system will be used to repay this debt. The Water Mortgage Revenue Bonds trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2001, the custodian held \$81,517 in Village assets. These assets, and the related activity of the trust account, are not reflected in the accompanying financial statements.

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

6. DEBT (Continued)

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. The loan will be repaid in annual principal installments of \$30,000. The full faith and credit of the Village has been pledged to repay this debt.

The Fire Truck Loan was obtained in 2000 to purchase a new fire truck. The loan will be repaid in annual installments of \$21,714, including interest. The full faith and credit of the Village has been pledged to repay this debt.

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

	OPWC Loan	OWDA Loan	Sewer Mortgage Revenue Bonds	Water Mortgage Revenue Bonds	General Obligation Bonds	Fire Truck Loan
Year ending December 31:						
2002	\$ 1,271	\$ 16,743	\$ 19,997	\$ 19,725	\$ 38,460	\$ 21,714
2003	16,713	16,743	19,228	18,938	36,960	21,714
2004	16,714	16,743	18,459	18,150	40,460	21,714
2005	16,713	16,743	22,562	17,362	38,640	21,714
2006	16,714	16,743	21,538	16,575	36,820	21,714
Subsequent	267,416	117,210	20,513	15,788	0	108,569
Total	<u>\$ 335,541</u>	<u>\$ 200,925</u>	<u>\$ 122,297</u>	<u>\$ 106,538</u>	<u>\$ 191,340</u>	<u>\$ 217,139</u>

The Village also has an Ohio Water Development Authority Planning Loan. As of December 31, 2001, \$128,053 has been drawn against the available \$250,303 loan award. This loan is for water system improvements. The Village also has been approved for an Ohio Water Development Authority Construction Loan. As of December 31, 2001, \$414,531 has been drawn against the available \$474,312 loan award. This loan is for sewer lift station improvements. Both of these OWDA loans have not yet been closed. Accordingly, no amortization of this debt will be presented until the loans have either been completely drawn, or the project is closed.

7. OUTSTANDING CONTRACTS

The Village had the following outstanding contracts at December 31, 2001:

Vendor	Purpose	Amount Outstanding
Black Top Contracting, Inc.	Street Paving	\$ 43,726
B & L Contracting	Sewer Plant	<u>106,784</u>
Total Outstanding		<u>\$ 150,510</u>

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Village has paid all contributions required through December 31, 2001.

9. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Ohio Rev. Code Section 2744.081, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Middleport, Meigs County, Ohio (the Village), as of and for the year ended December 31, 2001, and have issued our report thereon June 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the Schedule of Findings as item 2001-30753-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 3, 2002.

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 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 management of the Village in a separate letter dated June 3, 2002.

Village of Middleport
Meigs County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

June 3, 2002

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001**

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

FINDING NUMBER 2001-30753-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

The following exceptions to this basic requirement are provided by statute:

- ▶ "Then and Now Certificate": This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- ▶ Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

During the audit period, 96% of the expenditures tested did not have the prior certification of the Clerk. This could result in the Village spending more money than what is available.

We recommend the Village obtain the prior certification of the Clerk before an obligation is incurred.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
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
JULY 23, 2002**