

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Middleport
237 Race Street
Middleport, OH 45760

We have reviewed the *Independent Accountants' Report* of the Village of Middleport, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 10, 2008

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**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

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MEIGS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

August 25, 2008

Village of Middleport
Meigs County
237 Race St.
Middleport, Ohio 45760

To the Mayor, Fiscal Officer, and Members of Village Council:

We have audited the accompanying financial statements of the governmental and business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Middleport, Meigs County, Ohio**, (the Village) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Village has prepared these financial statements and notes using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America (GAAP).

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Middleport, Meigs County, Ohio**, as of December 31, 2007 and 2006, and the respective changes in cash financial position, and the respective budgetary comparison for the General, Street, and Refuse Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

Village of Middleport
Meigs County
Independent Accountants' Report
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

This discussion and analysis of the Village of Middleport's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007 within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2007 are as follows:

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 10 and 19 percent of total cash received for governmental activities during the year. Property and income tax receipts for 2007 changed very little compared to 2006 as development within the Village has slowed. The Village received estate tax in the amount of \$1,501, compared to \$93,494 received in 2006.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, one can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, one should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Village is divided into two types of activities:

Governmental Activities – Most of the Village's basic services are reported here, including police, fire, streets, and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities – The Village has business-type activity: the provision of water and sewer service. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: Governmental and Proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General, Street Construction Maintenance and Repair, and Refuse Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The relationship is described in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two major enterprise funds, the Water and Sewer Funds.

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Cash and Cash Equivalents	\$ 298,106	\$ 267,132	\$ 394,672	\$ 406,706	\$ 692,778	\$ 673,838
Investments	90,531	95,057	-	-	90,531	95,057
Total Assets	\$ 388,637	\$ 362,189	\$ 394,672	\$ 406,706	\$ 783,309	\$ 768,895
Net Assets						
Restricted for:						
Capital Projects	\$ 107,925	\$ 66,283	\$ -	\$ -	\$ 107,925	\$ 66,283
Permanent Fund						
Nonexpendable	87,720	87,720	-	-	87,720	87,720
Other Purposes	126,820	139,134	-	-	126,820	139,134
Unrestricted	66,172	69,052	394,672	406,706	460,844	475,758
Total Net Assets	\$ 388,637	\$ 362,189	\$ 394,672	\$ 406,706	\$ 783,309	\$ 768,895

Total net assets of governmental activities increased slightly during 2007.

- There is very slow growth in local tax receipts. Due to the slowing economy, growth has been reduced. Local wages have also not greatly increased, resulting in little growth in income tax receipts compared to last year.
- The Village paid about 2% less in wages in 2007 than 2006. This is due in part to the Income Tax Administrator leaving in August. The position was not filled during the audit period.
- Health benefits costs grew by about 6% in 2007.

Table 2 on the next page reflects the changes in net assets on a cash basis in 2007 and 2006 for government wide activities.

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$294,658	\$ 252,882	\$565,475	\$569,384	\$ 860,133	\$ 822,266
Operating Grants and Contributions	89,659	97,118	9,404	43,320	99,063	140,438
Capital Grants and Contributions	68,280	69,305	-	-	68,280	69,305
Total Program Receipts	452,597	419,305	574,879	612,704	1,027,476	1,032,009
General Receipts:						
Property and Other Local Taxes	101,430	109,161	-	-	101,430	109,161
Income Taxes	238,742	199,646	-	-	238,742	199,646
Grants and Entitlements Not Restricted to Specific Programs	113,839	345,164	-	-	113,839	345,164
Loan Proceeds	283,000	-	-	-	283,000	-
Sale of Bonds	17,777	-	-	-	17,777	-
Other Debt Proceeds	-	-	-	9,000	-	9,000
Sale of Fixed Assets	-	3,650	-	-	-	3,650
Cable Franchise Fees	14,743	14,524	-	-	14,743	14,524
Interest	30,993	28,603	-	-	30,993	28,603
Miscellaneous	16,495	3,605	2,795	8,328	19,290	11,933
Total General Receipts	817,019	704,353	2,795	17,328	819,814	721,681
Total Receipts	#####	1,123,658	577,674	630,032	1,847,290	1,753,690
Disbursements:						
General Government	166,988	185,341	-	-	166,988	185,341
Security of Persons and Property	363,017	351,584	-	-	363,017	351,584
Basic Utilities	173,209	157,644	-	-	173,209	157,644
Transportation	140,001	80,191	-	-	140,001	80,191
Capital Outlay	283,000	136,224	-	-	283,000	136,224
Debt Service Principal	69,810	318,771	-	-	69,810	318,771
Interest and Fiscal Charges	47,143	64,673	-	-	47,143	64,673
Water Operating	-	-	295,001	239,349	295,001	239,349
Sewer Operating	-	-	257,647	218,005	257,647	218,005
Recreation	-	-	24,665	41,736	24,665	41,736
Meter Deposits	-	-	6,554	7,180	6,554	7,180
Leak Insurance Deposits	-	-	1,141	886	1,141	886
Cemetery Operating	-	-	4,700	8,764	4,700	8,764
Total Disbursements	#####	1,294,428	589,708	515,920	1,832,876	1,810,348
Increase (Decrease) Before Transfers	26,448	(170,770)	(12,034)	114,112	14,414	(56,658)
Transfers-In	-	1,000	-	4,609	-	-
Transfers-Out	-	(5,609)	-	-	-	(5,609)
Increase (Decrease) in Net Assets	26,448	(175,379)	(12,034)	118,721	14,414	(56,658)
Net Assets, January 1	362,189	537,568	406,706	287,985	768,895	825,553
Net Assets, December 31	\$388,637	\$ 362,189	\$394,672	\$406,706	\$ 783,309	\$ 768,895

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Program receipts represent 56% of total receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license and gasoline tax monies.

General receipts represent 44% of the Village's total receipts, and of this amount, over 41% are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, auditor, treasurer, and income tax department, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of the swimming pool; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the "Statement of Activities" which is attached, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property. General government also represents a significant cost. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
	General Government	\$ 166,988	\$ (100,112)	\$ 183,437
Security of Persons and Property	363,017	(348,467)	351,584	(349,614)
Basic Utilities	173,209	84,196	157,644	83,423
Transportation	140,001	(26,899)	80,191	22,652
Community Environment	-	664	-	202
Capital Outlay	283,000	(283,000)	136,224	(136,224)
Principal Retirement	69,810	(69,810)	318,771	(318,771)
Interest and Fiscal Charges	47,143	(47,143)	64,673	(64,673)
Total Expenses	\$ 1,243,168	\$ (790,571)	\$ 1,292,524	\$ (873,219)

The dependence upon property and income tax receipts is apparent, as most governmental activities are supported through these general receipts.

The Village's Funds

Total government funds had receipts of \$1,269,616 and disbursements of \$1,243,168.

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General, Street, and Refuse Funds.

During 2007, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were \$470,268, while actual receipts were \$524,194.

Final disbursements were budgeted at \$537,157, while actual disbursements were \$527,074 in 2007.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2007, the Village's outstanding debt totals \$1,174,877. For further information regarding the Village's debt, refer to Note 9 and to the basic financial statements.

Current Issues

The challenge for all Villages is to provide quality services to the public, while staying within the restrictions imposed by limited, and in some cases, shrinking funds. The Village relies heavily on local taxes and has little industry to support the tax base. All departments have been asked to reduce their spending for supplies by 10-20%.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Susan Baker, Fiscal Officer, Village of Middleport, 237 Race Street, Middleport, OH 45760.

Village of Middleport, Meigs County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 298,106	\$ 394,672	\$ 692,778
Investments	90,531	-	90,531
<i>Total Assets</i>	<u>388,637</u>	<u>394,672</u>	<u>783,309</u>
Net Assets			
Restricted for:			
Capital Projects	107,925	-	107,925
Permanent Fund: Cemetery Care			
Nonexpendable	87,720	-	87,720
Other Purposes	126,820	-	126,820
Unrestricted	66,172	394,672	460,844
<i>Total Net Assets</i>	<u>\$ 388,637</u>	<u>\$ 394,672</u>	<u>\$ 783,309</u>

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

Village of Middleport, Meigs County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$ 363,017	\$ 14,550	\$ -	\$ -	\$ (348,467)	\$ -	\$ (348,467)
Community Environment	-	664	-	-	664	-	664
Basic Utility Services	173,209	189,125	-	68,280	84,196	-	84,196
Transportation	140,001	23,463	89,639	-	(26,899)	-	(26,899)
General Government	166,988	66,856	20	-	(100,112)	-	(100,112)
Capital Outlay	283,000	-	-	-	(283,000)	-	(283,000)
Debt Service:							
Principal	69,810	-	-	-	(69,810)	-	(69,810)
Interest	47,143	-	-	-	(47,143)	-	(47,143)
<i>Total Governmental Activities</i>	<u>1,243,168</u>	<u>294,658</u>	<u>89,659</u>	<u>68,280</u>	<u>(790,571)</u>	<u>-</u>	<u>(790,571)</u>
Business Type Activities							
Water Operating	295,001	225,240	-	-	-	(69,761)	(69,761)
Sewer Operating	257,647	318,175	-	-	-	60,528	60,528
Recreation	24,665	4,985	7,404	-	-	(12,276)	(12,276)
Meter Deposits	6,554	7,150	-	-	-	596	596
Leak Insurance Deposits	1,141	2,650	-	-	-	1,509	1,509
Cemetery Operating	4,700	7,275	2,000	-	-	4,575	4,575
<i>Total Business Type Activities</i>	<u>589,708</u>	<u>565,475</u>	<u>9,404</u>	<u>-</u>	<u>-</u>	<u>(14,829)</u>	<u>(14,829)</u>
<i>Total Primary Government</i>	<u>\$ 1,832,876</u>	<u>\$ 860,133</u>	<u>\$ 99,063</u>	<u>\$ 68,280</u>	<u>\$ (790,571)</u>	<u>\$ (14,829)</u>	<u>\$ (805,400)</u>
General Receipts							
Property Taxes					101,430	-	101,430
Municipal Income Taxes					238,742	-	238,742
Grants and Entitlements not Restricted to Specific Programs					113,839	-	113,839
Sale of Bonds					17,777	-	17,777
Loan Proceeds					283,000	-	283,000
Cable Franchise Fees					14,743	-	14,743
Earnings on Investments					30,993	-	30,993
Miscellaneous					16,495	2,795	19,290
<i>Total General Receipts</i>					<u>817,019</u>	<u>2,795</u>	<u>819,814</u>
Change in Net Assets					26,448	(12,034)	14,414
<i>Net Assets Beginning of Year</i>					<u>362,189</u>	<u>406,706</u>	<u>768,895</u>
<i>Net Assets End of Year</i>					<u>\$ 388,637</u>	<u>\$ 394,672</u>	<u>\$ 783,309</u>

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

Village of Middleport, Meigs County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Street Const. Maint.Rep.	Refuse	Water Improve.	Cemetery Endow.	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 66,172	\$ 36,677	\$ 55,522	\$ 89,563	\$ -	\$ 50,172	\$ 298,106
Investments	-	-	-	-	87,720	2,811	90,531
<i>Total Assets</i>	<u>\$ 66,172</u>	<u>\$ 36,677</u>	<u>\$ 55,522</u>	<u>\$ 89,563</u>	<u>\$ 87,720</u>	<u>\$ 52,983</u>	<u>\$ 388,637</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	66,172	-	-	-	-	-	66,172
Special Revenue Funds	-	36,677	55,522	-	-	34,622	126,821
Capital Projects Funds	-	-	-	89,563	-	18,361	107,924
Permanent Fund	-	-	-	-	87,720	-	87,720
<i>Total Fund Balances</i>	<u>\$ 66,172</u>	<u>\$ 36,677</u>	<u>\$ 55,522</u>	<u>\$ 89,563</u>	<u>\$ 87,720</u>	<u>\$ 52,983</u>	<u>\$ 388,637</u>

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

Village of Middleport, Meigs County
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Street Const. Maint. Rep.	Refuse	Water Improvement	Cemetery Endowment	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 48,282	\$ 23,463	\$ -	\$ -	\$ -	\$ 53,148	\$ 124,893
Municipal Income Taxes	238,742	-	-	-	-	-	238,742
Intergovernmental	109,506	83,858	-	-	-	4,353	197,717
Special Assessments	-	-	-	68,280	-	-	68,280
Charges for Services	4,240	-	184,884	-	-	14,550	203,674
Fines, Licenses, and Permits	78,850	-	-	-	-	9,195	88,045
Earnings on Investments	29,104	1,756	-	-	-	133	30,993
Miscellaneous	15,470	-	-	-	-	1,025	16,495
<i>Total Receipts</i>	<u>524,194</u>	<u>109,077</u>	<u>184,884</u>	<u>68,280</u>	<u>-</u>	<u>82,404</u>	<u>968,839</u>
Disbursements							
Current:							
Security of Persons and Property	346,068	-	-	-	-	16,949	363,017
Basic Utility Services	-	-	173,209	-	-	-	173,209
Transportation	-	140,001	-	-	-	-	140,001
General Government	166,740	-	-	-	-	248	166,988
Capital Outlay	-	-	-	-	-	283,000	283,000
Debt Service:							
Principal Retirement	11,437	-	-	24,750	-	33,623	69,810
Interest and Fiscal Charges	2,829	-	-	20,250	-	24,064	47,143
<i>Total Disbursements</i>	<u>527,074</u>	<u>140,001</u>	<u>173,209</u>	<u>45,000</u>	<u>-</u>	<u>357,884</u>	<u>1,243,168</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,880)	(30,924)	11,675	23,280	-	(275,480)	(274,329)
Other Financing Sources (Uses)							
Sale of Bonds	-	-	-	-	-	17,777	17,777
Loan Proceeds	-	-	-	-	-	283,000	283,000
<i>Total Other Financing Sources (Uses)</i>	-	-	-	-	-	300,777	300,777
<i>Net Change in Fund Balances</i>	(2,880)	(30,924)	11,675	23,280	-	25,297	26,448
<i>Fund Balances Beginning of Year</i>	69,052	67,601	43,847	66,283	87,720	27,686	362,189
<i>Fund Balances End of Year</i>	<u>\$ 66,172</u>	<u>\$ 36,677</u>	<u>\$ 55,522</u>	<u>\$ 89,563</u>	<u>\$ 87,720</u>	<u>\$ 52,983</u>	<u>\$ 388,637</u>

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

Village of Middleport, Meigs County
Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 41,938	\$ 47,518	\$ 48,282	\$ 764
Municipal Income Taxes	185,500	227,000	238,742	11,742
Intergovernmental	95,572	103,201	109,506	6,305
Charges for Services	1,500	1,500	4,240	2,740
Fines, Licenses, and Permits	53,200	60,418	78,850	18,432
Earnings on Investments	20,000	24,404	29,104	4,700
Miscellaneous	4,520	6,223	15,470	9,247
<i>Total Receipts</i>	<u>402,230</u>	<u>470,264</u>	<u>524,194</u>	<u>53,930</u>
Disbursements				
Current:				
Security of Persons and Property	299,037	351,736	346,068	5,668
General Government	160,766	170,216	166,740	3,476
Debt Service:				
Principal Retirement	8,118	11,845	11,437	408
Interest and Fiscal Charges	3,360	3,360	2,829	531
<i>Total Disbursements</i>	<u>471,281</u>	<u>537,157</u>	<u>527,074</u>	<u>10,083</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(69,051)</u>	<u>(66,893)</u>	<u>(2,880)</u>	<u>64,013</u>
Other Financing Sources (Uses)				
Other Financing Sources	-	4	-	(4)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>4</u>	<u>-</u>	<u>(4)</u>
<i>Net Change in Fund Balance</i>	(69,051)	(66,889)	(2,880)	64,009
<i>Fund Balance Beginning of Year</i>	<u>68,173</u>	<u>68,173</u>	<u>68,174</u>	<u>1</u>
Prior Year Encumbrances Appropriated	<u>878</u>	<u>878</u>	<u>878</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 2,162</u>	<u>\$ 66,172</u>	<u>\$ 64,010</u>

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

Village of Middleport, Meigs County
*Statement of Receipts, Disbursements, and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Street Construction, Maintenance, & Repair Fund
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 30,000	\$ 30,000	\$ 23,463	\$ (6,537)
Intergovernmental	65,000	70,000	83,858	13,858
Earnings on Investments	-	1,000	1,756	756
<i>Total Receipts</i>	<u>95,000</u>	<u>101,000</u>	<u>109,077</u>	<u>8,077</u>
Disbursements				
Current:				
Transportation	<u>103,334</u>	<u>162,334</u>	<u>140,001</u>	<u>22,333</u>
<i>Total Disbursements</i>	<u>103,334</u>	<u>162,334</u>	<u>140,001</u>	<u>22,333</u>
<i>Net Change in Fund Balance</i>	(8,334)	(61,334)	(30,924)	30,410
<i>Fund Balance Beginning of Year</i>	<u>75,173</u>	<u>75,173</u>	<u>67,601</u>	<u>(7,572)</u>
<i>Fund Balance End of Year</i>	<u>\$ 66,839</u>	<u>\$ 13,839</u>	<u>\$ 36,677</u>	<u>\$ 22,838</u>

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

Village of Middleport, Meigs County
Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual -Budget Basis
Refuse Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Charges for Services	\$ 132,552	\$ 154,200	\$ 184,884	\$ 30,684
<i>Total Receipts</i>	<u>132,552</u>	<u>154,200</u>	<u>184,884</u>	<u>30,684</u>
Disbursements				
Current:				
Basic Utility Services	176,399	180,414	173,209	7,205
<i>Total Disbursements</i>	<u>176,399</u>	<u>180,414</u>	<u>173,209</u>	<u>7,205</u>
<i>Net Change in Fund Balance</i>	(43,847)	(26,214)	11,675	37,889
<i>Fund Balance Beginning of Year</i>	<u>32,199</u>	<u>32,199</u>	<u>32,199</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>11,648</u>	<u>11,648</u>	<u>11,648</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$</u>	<u>\$ 17,633</u>	<u>\$ 55,522</u>	<u>\$ 37,889</u>

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

Village of Middleport, Meigs County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2007

	Water Operating	Sewer Operating	Other Enterprise Funds	Total Enterprise Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 86,931	\$ 255,787	\$ 42,089	\$ 384,807
Restricted Cash:				
Customer Deposits	-	-	9,865	9,865
<i>Total Assets</i>	<u>\$ 86,931</u>	<u>\$ 255,787</u>	<u>\$ 51,954</u>	<u>\$ 394,672</u>
Net Assets				
Unrestricted	86,931	255,787	51,954	394,672
<i>Total Fund Balances</i>	<u>\$ 86,931</u>	<u>\$ 255,787</u>	<u>\$ 51,954</u>	<u>\$ 394,672</u>

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

Village of Middleport, Meigs County
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances
Proprietary Funds
For the Year Ended December 31, 2007

	Proprietary Fund Types			Total
	Water Operating	Sewer Operating	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$ 225,240	\$ 318,175	\$ 20,850	\$ 564,265
Other Operating Receipts	692	1,100	2,213	4,005
<i>Total Operating Receipts</i>	<u>225,932</u>	<u>319,275</u>	<u>23,063</u>	<u>568,270</u>
Operating Disbursements				
Personal Services	109,285	91,539	9,193	210,017
Employee Fringe Benefits	50,050	41,196	2,922	94,168
Contractual Services	33,288	56,375	3,396	93,059
Supplies and Materials	41,292	33,681	13,854	88,827
Other	-	-	7,695	7,695
<i>Total Operating Disbursements</i>	<u>233,915</u>	<u>222,791</u>	<u>37,060</u>	<u>493,766</u>
<i>Operating Income (Loss)</i>	<u>(7,983)</u>	<u>96,484</u>	<u>(13,997)</u>	<u>74,504</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts	-	-	9,404	9,404
Capital Outlay	(290)	-	-	(290)
Principal Payments	(34,463)	(24,830)	-	(59,293)
Interest and Fiscal Charges	(26,333)	(10,026)	-	(36,359)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(61,086)</u>	<u>(34,856)</u>	<u>9,404</u>	<u>(86,538)</u>
<i>Net Change in Fund Balances</i>	(69,069)	61,628	(4,593)	(12,034)
<i>Fund Balances Beginning of Year</i>	<u>156,000</u>	<u>194,159</u>	<u>56,547</u>	<u>406,706</u>
<i>Fund Balances End of Year</i>	<u>\$ 86,931</u>	<u>\$ 255,787</u>	<u>\$ 51,954</u>	<u>\$ 394,672</u>

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

Village of Middleport, Meigs County
Statement of Fiduciary Net Assets - Cash Basis
For the Year Ended December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ -</u>
<i>Total Assets</i>	<u><u>-</u></u>
Net Assets	
Restricted for:	
Other Purposes	-
<i>Total Net Assets</i>	<u><u>\$ -</u></u>

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

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of the Village of Middleport's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2006 within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2006 are as follows:

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 15 and 20 percent of total cash received for governmental activities during the year. Property and income tax receipts for 2006 changed very little compared to 2005 as development within the Village has slowed. The Village received estate tax in the amount of \$93,494.

A 3 mil replacement operating levy placed on the November ballot failed to pass. The Village was awarded a Capital Projects grant in the amount of \$134,249 for street paving, which was administered by the Ohio Public Works Department. The cost of health insurance for full-time employees increased slightly. The Village was able to pay off a fire truck loan with a final payment of \$35,000.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, one can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, one should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Village is divided into two types of activities:

Governmental Activities – Most of the Village's basic services are reported here, including police, fire, streets, and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities – The Village has business-type activity: the provision of water and sewer service. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: Governmental and Proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General, Street, and Refuse Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The relationship is described in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two enterprise funds, the Water and Sewer Funds.

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Cash and Cash Equivalents	\$ 267,132	\$ 537,568	\$ 406,706	\$ 287,985	\$ 673,838	\$ 825,553
Investments	95,057	-	-	-	95,057	-
Total Assets	\$ 362,189	\$ 537,568	\$ 406,706	\$ 287,985	\$ 768,895	\$ 825,553
Net Assets						
Restricted for:						
Capital Projects	\$ 66,283	\$ 243,516	\$ -	\$ -	\$ 66,283	\$ 243,516
Permanent Fund: Cemetery					-	-
Nonexpendable	87,720	140,346	-	-	87,720	140,346
Other Purposes	139,134	-	-	-	139,134	-
Unrestricted	69,052	153,706	406,706	287,985	475,758	441,691
Total Net Assets	\$ 362,189	\$ 537,568	\$ 406,706	\$ 287,985	\$ 768,895	\$ 825,553

Net assets of governmental activities decreased slightly during 2006.

- There is very slow growth in local tax receipts. Due to the slowing economy, growth has been reduced. Local wages have also not greatly increased, resulting in little growth in income tax receipts compared to last year.
- Wages increased about 3% in 2006.
- In 2006, the Village paid off a 1991 fire truck bank loan. The balance due was about \$35,000.
- Health benefits costs grew about 6% in 2006.

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities, business-type activities, and total primary government.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 252,882	\$ 148,534	\$ 569,384	\$ 517,957	\$ 822,266	\$ 666,491
Operating Grants and Contributions	97,118	439,903	43,320	23,023	140,438	462,926
Capital Grants and Contributions	69,305	69,745	-	-	69,305	69,745
Total Program Receipts	419,305	658,182	612,704	540,980	1,032,009	1,199,162
General Receipts:						
Property and Other Local Taxes	109,161	140,504	-	-	109,161	140,504
Income Taxes	199,646	204,535	-	-	199,646	204,535
Grants and Entitlements Not Restricted to Specific Programs	345,164	89,255	-	-	345,164	89,255
Sale of Bonds	-	-	-	-	-	-
Other Debt Proceeds	-	-	9,000	-	9,000	-
Sale of Fixed Assets	3,650	-	-	-	3,650	-
Cable Franchise Fees	14,524	-	-	-	14,524	-
Interest	28,603	9,754	-	-	28,603	9,754
Miscellaneous	3,605	12,036	8,328	13,470	11,933	25,506
Transfers-In	1,000	-	4,609	-	5,609	-
Total General Receipts	705,353	456,084	21,937	13,470	727,290	469,554
Total Receipts	1,124,658	1,114,266	634,641	554,450	1,759,299	1,668,716
Disbursements:						
General Government	185,341	168,241	-	487,816	185,341	656,057
Security of Persons and Property	351,584	349,647	-	-	351,584	349,647
Leisure Time Activities	-	8,000	-	-	-	8,000
Basic Utilities	157,644	140,872	-	-	157,644	140,872
Transportation	80,191	229,351	-	-	80,191	229,351
Capital Outlay	136,224	98,861	-	-	136,224	98,861
Debt Service Principal	318,771	61,502	-	50,781	318,771	112,283
Interest and Fiscal Charges	64,673	12,243	-	23,596	64,673	35,839
Transfers-Out	5,609	-	-	-	5,609	-
Water Operating	-	-	239,349	-	239,349	-
Sewer Operating	-	-	218,005	-	218,005	-
Recreation	-	-	41,736	-	41,736	-
Meter Deposits	-	-	7,180	-	7,180	-
Leak Insurance Deposits	-	-	886	-	886	-
Cemetery Operating	-	-	8,764	-	8,764	-
Total Disbursements	1,300,037	1,068,717	515,920	562,193	1,815,957	1,630,910
Increase (Decrease) in Net Assets	(175,379)	45,549	118,721	(7,743)	(56,658)	37,806
Net Assets, January 1	537,568	492,019	287,985	295,728	825,553	787,747
Net Assets, December 31	\$ 362,189	\$ 537,568	\$ 406,706	\$ 287,985	\$ 768,895	\$ 825,553

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Program receipts represent 37% of total receipts of government activities and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license, gasoline tax and building permit monies.

General receipts represent 63% of the Village's total governmental receipts, and of this amount, over 9% are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, auditor, treasurer, and income tax department, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of the swimming pool; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the "Statement of Activities" which is attached, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property. General government also represents a significant cost. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2006	2006	2005	2005
General Government	\$ 183,437	\$ (110,214)	\$ 168,241	\$ 203,040
Security of Persons and Property	351,584	(349,614)	349,647	180,325
Community Environment	-	202	8,000	37
Basic Utilities	157,644	83,423	140,872	8,268
Transportation	80,191	22,652	229,351	4,547
Capital Outlay	136,224	(136,224)	98,861	19,581
Principal Retirement	318,771	(318,771)	61,502	151,904
Interest and Fiscal Charges	64,673	(64,673)	12,243	-
Total Expenses	\$ 1,292,524	\$ (873,219)	\$ 1,068,717	\$ 567,702

The dependence upon property and income tax receipts is apparent, as most governmental activities are supported through these general receipts.

Business-Type Activities

The Village has six business-type funds. These are Water Operating, Sewer Operating, Meter Deposits, Leak Insurance Deposits, Recreation, and Cemetery. These operations of the Village routinely report receipts and cash disbursements that are relatively equal.

Village of Middleport, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Village's Funds

Total government funds had receipts of \$1,124,658 and disbursements of \$1,300,037.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General, Street Construction, Maintenance, and Repair, and Refuse Funds.

During 2006, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were \$523,595, while actual receipts were \$575,869.

Final disbursements were budgeted at \$536,530, while actual disbursements were \$522,791 in 2006.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Village's outstanding debt totals \$1,003,223. For further information regarding the Village's debt, refer to Note 9 and to the basic financial statements.

Current Issues

The challenge for all Villages is to provide quality services to the public, while staying within the restrictions imposed by limited, and in some cases, shrinking funds. The Village relies heavily on local taxes and has little industry to support the tax base. All departments have been asked to reduce their spending for supplies by 10-20%.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Susan Baker, Fiscal Officer, Village of Middleport, 237 Race Street, Middleport, OH 45760.

Village of Middleport, Meigs County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 267,132	\$ 406,706	\$ 673,838
Investments	95,057	-	95,057
<i>Total Assets</i>	<u>362,189</u>	<u>406,706</u>	<u>768,895</u>
Net Assets			
Restricted for:			
Capital Projects	66,283	-	66,283
Permanent Fund: Cemetery Care			
Nonexpendable	87,720	-	87,720
Other Purposes	139,134	-	139,134
Unrestricted	69,052	406,706	475,758
<i>Total Net Assets</i>	<u>\$ 362,189</u>	<u>\$ 406,706</u>	<u>\$ 768,895</u>

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

Village of Middleport, Meigs County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$ 351,584	\$ 1,970	\$ -	\$ -	\$ (349,614)	\$ -	\$ (349,614)
Community Environment	-	202	-	-	202	-	202
Basic Utility Services	157,644	171,762	-	69,305	83,423	-	83,423
Transportation	80,191	25,457	77,386	-	22,652	-	22,652
General Government	185,341	53,491	19,732	-	(112,118)	-	(112,118)
Capital Outlay	136,224	-	-	-	(136,224)	-	(136,224)
Debt Service:							
Principal	318,771	-	-	-	(318,771)	-	(318,771)
Interest	64,673	-	-	-	(64,673)	-	(64,673)
<i>Total Governmental Activities</i>	<u>1,294,428</u>	<u>252,882</u>	<u>97,118</u>	<u>69,305</u>	<u>(875,123)</u>	<u>-</u>	<u>(875,123)</u>
Business Type Activities							
Water Operating	239,349	234,047	-	-	-	(5,302)	(5,302)
Sewer Operating	218,005	311,716	-	-	-	93,711	93,711
Recreation	41,736	8,818	41,820	-	-	8,902	8,902
Meter Deposits	7,180	8,083	-	-	-	903	903
Leak Insurance Deposits	886	1,850	-	-	-	964	964
Cemetery Operating	8,764	4,870	1,500	-	-	(2,394)	(2,394)
<i>Total Business Type Activities</i>	<u>515,920</u>	<u>569,384</u>	<u>43,320</u>	<u>-</u>	<u>-</u>	<u>96,784</u>	<u>96,784</u>
<i>Total Primary Government</i>	<u>\$ 1,810,348</u>	<u>\$ 822,266</u>	<u>\$ 140,438</u>	<u>\$ 69,305</u>	<u>\$ (875,123)</u>	<u>\$ 96,784</u>	<u>\$ (778,339)</u>
General Receipts							
Property Taxes					109,161	-	109,161
Municipal Income Taxes					199,646	-	199,646
Grants and Entitlements not Restricted to Specific Programs					345,164	-	345,164
Other Debt Proceeds					-	9,000	9,000
Sale of Fixed Assets					3,650	-	3,650
Cable Franchise Fees					14,524	-	14,524
Earnings on Investments					28,603	-	28,603
Miscellaneous					3,605	8,328	11,933
<i>Total General Receipts</i>					<u>704,353</u>	<u>17,328</u>	<u>721,681</u>
Transfers					(4,609)	4,609	-
<i>Total General Receipts, Contribution to Permanent Fund, Special & Extraordinary Items, Transfers, and Advances</i>					<u>699,744</u>	<u>21,937</u>	<u>721,681</u>
Change in Net Assets					<u>(175,379)</u>	<u>118,721</u>	<u>(56,658)</u>
<i>Net Assets Beginning of Year</i>					<u>537,568</u>	<u>287,985</u>	<u>825,553</u>
<i>Net Assets End of Year</i>					<u>\$ 362,189</u>	<u>\$ 406,706</u>	<u>\$ 768,895</u>

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

Village of Middleport, Meigs County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Street Const. Maint.Rep.	Refuse	Water Improve.	Cemetery Endow.	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 69,052	\$ 67,601	\$ 43,847	\$ 66,283	\$ -	\$ 20,349	\$ 267,132
Investments	-	-	-	-	87,720	7,337	95,057
<i>Total Assets</i>	<u>\$ 69,052</u>	<u>\$ 67,601</u>	<u>\$ 43,847</u>	<u>\$ 66,283</u>	<u>\$ -</u>	<u>\$ 27,686</u>	<u>\$ 362,189</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	878	-	11,648	-	-	-	12,526
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	68,174	-	-	-	-	-	68,174
Special Revenue Funds	-	67,601	32,199	-	-	27,101	126,901
Capital Projects Funds	-	-	-	66,283	-	585	66,868
Permanent Fund	-	-	-	-	87,720	-	87,720
<i>Total Fund Balances</i>	<u>\$ 69,052</u>	<u>\$ 67,601</u>	<u>\$ 43,847</u>	<u>\$ 66,283</u>	<u>\$ 87,720</u>	<u>\$ 27,686</u>	<u>\$ 362,189</u>

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

Village of Middleport, Meigs County
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Street Const. Maint. Rep.	Refuse	Water Improve.	Other Capital Projects	Cemetery Endowment	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$ 54,126	\$ 25,456	\$ -	\$ -	\$ -	\$ -	\$ 55,035	\$ 134,617
Municipal Income Taxes	199,646	-	-	-	-	-	-	199,646
Intergovernmental	221,203	77,386	-	-	134,249	-	9,444	442,282
Special Assessments	-	-	-	69,305	-	-	-	69,305
Charges for Services	1,935	-	170,027	-	-	-	1,775	173,737
Fines, Licenses, and Permits	66,277	-	-	-	-	-	1,940	68,217
Earnings on Investments	26,646	1,846	-	-	-	-	111	28,603
Miscellaneous	1,386	233	-	-	-	-	1,982	\$ 3,601
Total Receipts	571,219	104,921	170,027	69,305	134,249	-	70,287	1,120,008
Disbursements								
Current:								
Security of Persons and Property	327,790	-	-	-	-	-	23,794	351,584
Basic Utility Services	-	-	157,644	-	-	-	-	157,644
Transportation	-	80,191	-	-	-	-	-	80,191
General Government	185,341	-	-	-	-	-	-	185,341
Capital Outlay	-	-	-	-	134,249	-	1,975	136,224
Debt Service:								
Principal Retirement	6,686	-	-	261,450	-	-	50,635	318,771
Interest and Fiscal Charges	2,974	-	-	53,550	-	-	8,149	64,673
Total Disbursements	522,791	80,191	157,644	315,000	134,249	-	84,553	1,294,428
<i>Excess of Receipts Over (Under) Disbursements</i>	48,428	24,730	12,383	(245,695)	-	-	(14,266)	(174,420)
Other Financing Sources (Uses)								
Sale of Fixed Assets	3,650	-	-	-	-	-	-	3,650
Transfers-In	1,000	-	-	-	-	-	-	1,000
Transfers-Out	-	-	-	-	-	(4,609)	(1,000)	(5,609)
Total Other Financing Sources (Uses)	4,650	-	-	-	-	(4,609)	(1,000)	(959)
Net Change in Fund Balances	53,078	24,730	12,383	(245,695)	-	(4,609)	(15,266)	(175,379)
Fund Balances Beginning of Year	15,974	42,871	31,464	311,978	-	92,329	42,952	537,568
Fund Balances End of Year	\$ 69,052	\$ 67,601	\$ 43,847	\$ 66,283	\$ -	\$ 87,720	\$ 27,686	\$ 362,189

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

Village of Middleport, Meigs County
Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 57,660	\$ 54,539	\$ 54,126	\$ (413)
Municipal Income Taxes	185,500	185,500	199,646	14,146
Intergovernmental	119,908	205,581	221,203	15,622
Charges for Services	1,400	1,400	1,935	535
Fines, Licenses, and Permits	55,000	58,050	66,277	8,227
Earnings on Investments	-	15,000	26,646	11,646
Miscellaneous	5,000	2,525	1,386	(1,139)
<i>Total Receipts</i>	<u>424,468</u>	<u>522,595</u>	<u>571,219</u>	<u>48,624</u>
Disbursements				
Current:				
Security of Persons and Property	263,747	329,420	327,790	1,630
General Government	146,099	193,706	185,341	8,365
Debt Service:				
Principal Retirement	10,000	8,000	6,686	1,314
Interest and Fiscal Charges	2,700	3,500	2,974	526
<i>Total Disbursements</i>	<u>422,546</u>	<u>534,626</u>	<u>522,791</u>	<u>11,835</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,922</u>	<u>(12,031)</u>	<u>48,428</u>	<u>60,459</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	3,650	3,650
Transfers-In	-	1,000	1,000	-
Transfers-Out	-	(1,904)	-	1,904
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(904)</u>	<u>4,650</u>	<u>5,554</u>
<i>Net Change in Fund Balance</i>	1,922	(12,935)	53,078	66,013
<i>Fund Balance Beginning of Year</i>	<u>13,643</u>	<u>13,643</u>	<u>15,974</u>	<u>2,331</u>
<i>Fund Balance End of Year</i>	<u>\$ 15,565</u>	<u>\$ 708</u>	<u>\$ 69,052</u>	<u>\$ 68,344</u>

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

Village of Middleport, Meigs County
*Statement of Receipts, Disbursements, and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Street Construction, Maintenance, and Repair Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$ 30,300	\$ 25,000	\$ 25,456	\$ 456
Intergovernmental	62,620	65,000	77,386	12,386
Earnings on Investments	600	600	1,846	1,246
Miscellaneous	44,015	4,320	233	(4,087)
<i>Total Receipts</i>	<u>137,535</u>	<u>94,920</u>	<u>104,921</u>	<u>10,001</u>
Disbursements				
Current:				
Transportation	105,675	115,543	80,191	35,352
<i>Total Disbursements</i>	<u>105,675</u>	<u>115,543</u>	<u>80,191</u>	<u>35,352</u>
<i>Net Change in Fund Balance</i>	31,860	(20,623)	24,730	45,353
<i>Fund Balance Beginning of Year</i>	<u>42,726</u>	<u>42,726</u>	<u>42,871</u>	<u>145</u>
<i>Fund Balance End of Year</i>	<u>\$ 74,586</u>	<u>\$ 22,103</u>	<u>\$ 67,601</u>	<u>\$ 45,498</u>

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

Village of Middleport, Meigs County
*Statement of Receipts, Disbursements, and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Refuse Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Charges for Services	\$ 137,535	\$ 140,000	\$ 170,027	\$ 30,027
<i>Total Receipts</i>	<u>137,535</u>	<u>140,000</u>	<u>170,027</u>	<u>30,027</u>
Disbursements				
Current:				
Basic Utility Services	<u>173,377</u>	<u>172,258</u>	<u>157,644</u>	<u>14,614</u>
<i>Total Disbursements</i>	<u>173,377</u>	<u>172,258</u>	<u>157,644</u>	<u>14,614</u>
<i>Net Change in Fund Balance</i>	(35,842)	(32,258)	12,383	44,641
<i>Fund Balance Beginning of Year</i>	<u>32,258</u>	<u>32,258</u>	<u>31,464</u>	<u>(794)</u>
<i>Fund Balance End of Year</i>	<u>\$ (3,584)</u>	<u>\$ -</u>	<u>\$ 43,847</u>	<u>\$ 43,847</u>

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

Village of Middleport, Meigs County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006

	Water Operating	Sewer Operating	Other Enterprise Funds	Total Enterprise Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 156,000	\$ 194,159	\$ 46,614	\$ 396,773
Restricted for:				
Customer Deposits	-	-	9,933	9,933
<i>Total Assets</i>	<u>\$ 156,000</u>	<u>\$ 194,159</u>	<u>\$ 56,547</u>	<u>\$ 406,706</u>
Net Assets				
Unrestricted	156,000	194,159	56,547	406,706
<i>Total Fund Balances</i>	<u>\$ 156,000</u>	<u>\$ 194,159</u>	<u>\$ 56,547</u>	<u>\$ 406,706</u>

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

Village of Middleport, Meigs County
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances
Proprietary and Similar Fiduciary Funds
For the Year Ended December 31, 2006

	Proprietary Fund Type			Total
	Water Operating	Sewer Operating	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$ 234,047	\$ 311,716	\$ 22,206	\$ 567,969
Other Operating Receipts	5,195	701	3,847	9,743
<i>Total Operating Receipts</i>	<u>239,242</u>	<u>312,417</u>	<u>26,053</u>	<u>577,712</u>
Operating Disbursements				
Personal Services	102,162	85,943	19,741	207,846
Employee Fringe Benefits	46,509	37,377	5,604	89,490
Contractual Services	54,768	30,139	4,016	88,923
Supplies and Materials	27,734	13,485	21,139	62,358
Other	-	-	8,066	8,066
<i>Total Operating Disbursements</i>	<u>231,173</u>	<u>166,944</u>	<u>58,566</u>	<u>456,683</u>
<i>Operating Income (Loss)</i>	<u>8,069</u>	<u>145,473</u>	<u>(32,513)</u>	<u>121,029</u>
Non-Operating Receipts (Disbursements)				
Other Debt Proceeds	9,000	-	-	9,000
Miscellaneous Receipts	-	-	43,320	43,320
Capital Outlay	(327)	-	-	(327)
Principal Payments	(4,493)	(33,972)	-	(38,465)
Interest and Fiscal Charges	(3,356)	(17,089)	-	(20,445)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>824</u>	<u>(51,061)</u>	<u>43,320</u>	<u>(6,917)</u>
<i>Income (Loss) Before Transfers and Advances</i>	<u>8,893</u>	<u>94,412</u>	<u>10,807</u>	<u>114,112</u>
Transfers-In	-	-	4,609	4,609
<i>Net Change in Fund Balances</i>	8,893	94,412	15,416	118,721
<i>Fund Balances Beginning of Year</i>	<u>147,107</u>	<u>99,747</u>	<u>41,131</u>	<u>287,985</u>
<i>Fund Balances End of Year</i>	<u>\$ 156,000</u>	<u>\$ 194,159</u>	<u>\$ 56,547</u>	<u>\$ 406,706</u>

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

Village of Middleport, Meigs County
Statement of Fiduciary Net Assets - Cash Basis
For the Year Ended December 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ -</u>
<i>Total Assets</i>	<u><u>-</u></u>
Net Assets	
Restricted for:	
Other Purposes	-
<i>Total Net Assets</i>	<u><u>\$ -</u></u>

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

Note 1 – Reporting Entity

The Village of Middleport, 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 six-member Council elected at large for four-year terms directs the Village. The Mayor is elected to a four-year term and votes only to break a tie.

The Village is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, 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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance and investment balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Village's general receipts.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions, such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories; governmental, proprietary, and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are:

- General Fund – This fund is used to account for all financial resources, except those required to be accounted for in another fund.
- Street Construction, Maintenance, and Repair Fund – This fund is used to account for the provision and maintenance of the Village streets.
- Refuse Fund – This fund is used to account for the provision of solid waste disposal for all Village residents.
- Water Improvement Fund – This fund is used to account for the activity involving a water improvement project in the Village.
- Other Capital Projects – This fund is used to account for a paving project in the Village.
- Cemetery Endowment Fund – This fund is used to account for monies held as part of several endowments held by the Village

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are:

- Water Fund – This fund accounts for the provision of water to residents and commercial users located within the Village.
- Sewer Fund – This fund accounts for the provision of sanitary sewer services to the residents and commercial users located within the Village.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section of this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village may appropriate.

The appropriations ordinance is the Village's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Village. The legal level of control is established and approved at the fund, department, and object levels for all funds by the Village Council. These appropriations are submitted to the Meigs County Auditor's office.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted at the beginning of the year. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Note 2 – Summary of Significant Accounting Policies (Continued)

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts to the General Fund totaled \$29,104 in 2007 and \$29,263 in 2006. Interest receipts to the Street Construction, Maintenance, and Repair Fund totaled \$1,756 in 2007 and \$1,991 in 2006.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets or liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for maintenance of Village streets and fire department operations.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Village of Middleport - Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Fund Balance Reserves

The Village reserves any portion of the fund balances which is not available for appropriation, or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in government funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

During the audit period transfers were made from funds other than the General Fund. In 2006, \$1000 was transferred from the Tree Planting Fund to the General Fund to properly classify unrestricted funds. In 2006, \$4,609 was transferred from the Cemetery Endowment Fund to the Cemetery Operating Fund to properly classify unrestricted funds.

Note 3 – Prior Period Fund Balance Adjustment

The Village made adjustments in 2006 to account for 2005 cash reconciliation errors in several funds.

	<u>General</u>	<u>Street</u>	<u>Refuse</u>	<u>Other Govt.</u>	<u>Water Imp.</u>	<u>Water</u>	<u>Sewer</u>	<u>Other Enter.</u>
Bal. as of December 31, 2005	\$ 13,372	\$ 42,726	\$ 32,258	\$ 42,345	\$ 312,508	\$ 148,500	\$ 101,458	\$ 43,212
Adj. for Recon. Errors	2,602	145	(794)	607	(530)	(1,393)	(1,711)	(2,081)
Adjusted Fund Balance	<u>\$ 15,974</u>	<u>\$ 42,871</u>	<u>\$ 31,464</u>	<u>\$ 42,952</u>	<u>\$ 311,978</u>	<u>\$ 147,107</u>	<u>\$ 99,747</u>	<u>\$ 41,131</u>

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Street, and Refuse Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis), and outstanding year-end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to zero in 2007 and \$1,038 for the General Fund and \$11,648 for the Refuse Fund in 2006.

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Note 4 – Deposits and Investments (Continued)

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United State Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village, as well as on incomes of residents earned outside of the Village. In the latter case, the Village allows a credit of the actual taxes paid to another city. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 6 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 (2006) represent the collection of 2006 (2005) taxes. Public utility real and tangible personal property taxes received in 2007 (2006) became a lien on December 31, 2006 (2005), was levied after October 1, 2006 (2005) and is collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (2006) represent the collection of 2006 (2005) taxes. Tangible personal property taxes received in 2007 (2006) were levied after October 1, 2006 (2005), on the true value as of December 31, 2006 (2005). Tangible personal property taxes received in 2007 (2006) represent the collection of 2006 (2005) taxes. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$ 11,972,250
Commercial/Industrial	\$ 4,348,490
Tangible Personal Property	
Business	\$ 271,883
Public Utility	\$ 1,043,020
Total Assessed Value	<u>\$ 17,635,643</u>

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Note 7 – Defined Benefit Pension Plan (Continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

The Village employees are all members of the Traditional Plan at this time.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and 2006, the members participating in the traditional plan were required to contribute 9.5% and 9% of their annual covered salaries, respectively. The Village's contribution rate for pension benefits was 13.85% in 2007 and 13.7% in 2006.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations, while the Village is required to contribute 19.5% for police officers. Contributions are authorized by State statute.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll, 4% of covered payroll was the portion that was used to fund healthcare.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

Village of Middleport - Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 - Postemployment Benefits (Continued)

The number of active contributing participants in the traditional and combined plans was 358,804. Actual employer contributions for 2006 that were used to fund postemployment benefits were \$156,685. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. In 2006 it was 9.0. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, and 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Note 9 – Debt

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

Governmental Activities

Description	Interest Rate	Principal Outstanding 12/31/05	Add	Payments	Principal Outstanding 12/31/06	Add	Payments	Principal Outstanding 12/31/07
1967 Water Mortgage Revenue Bond	5.25%	\$ 40,000	\$ -	\$ -	\$ 40,000	\$17,777	\$ -	\$ 57,777
2000 Fire Truck	5.75%	108,531	-	15,635	92,896	-	16,555	76,341
1998 Gen. Oblig. Note (Fire Truck)	5.875%	35,000	-	35,000	-	-	-	-
2005 Police Cruiser	5.0%	19,064	-	3,288	15,776	-	7,530	8,246
2005 Mark V Demo	5.25%	46,381	-	3,399	42,982	-	3,888	39,094
Fire Truck – Sun Trust	4.32%	-	-	-	-	283,000	17,087	265,913
OWDA Loan #3385	6.03%	419,485	-	261,450	83,518	-	24,750	56,768
Total Governmental Activities		\$ 668,461	\$ -	\$ 318,772	\$ 275,172	\$ 300,777	\$ 69,810	\$ 504,139

The prior audit misstated the 12/31/05 balance for the 2000 Fire Truck loan as \$108,521. Confirmation with the lending institution states that it should be \$108,531.

Village of Middleport - Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 9 – Debt (Continued)

The 2000 Fire Truck loan is a loan from Peoples Bank. The loan will be repaid in semi-annual installments of \$10,857, including interest, through 2011. The 1998 General Obligation Note is from the Bank of New York Trust for a fire truck. The loan was repaid in 2006. The 2005 Police Cruiser loan is a loan from Peoples Bank. The loan will be repaid in monthly installments of \$371, including interest, through October 2010. The 2005 Mark V Demo loan is a loan from Peoples Bank for the demolition of a building on city property in the Village. The loan will be repaid in monthly installments of \$507, including interest, through October 2008. The Fire Truck loan is a loan from Sun Trust Bank. The loan will be repaid in semi-annual installments of \$17,986, including interest, through October 2016.

The Ohio Water Development Authority (OWDA) #3385 loan relates to a water system design-planning project. The loan will be repaid with a remaining payment of \$117,535 in 2008. Water Improvement and Water Operating Fund receipts secure the loan. The Village has agreed to set a fee to be included with the utility bills sufficient to cover OWDA debt service requirements. The Principal Outstanding 12/31/05 balance and loan payments for this loan are reflected completely in the Water Improvement Fund in Government Activities for 2006, with a loan disbursement to the Water Operating Fund in Business-Type Activities. The Principal Outstanding 12/31/06 balance is then split evenly between these two funds. Payments were then made in 2007 in equal amounts from both Government and Business-Type Activities, with the Principal Outstanding 12/31/07 balance split between the two funds.

Business-Type Activities

Description	Interest Rate	Principal Outstanding 12/31/05	Add	Deductions	Principal Outstanding 12/31/06	Add	Deductions	Principal Outstanding 12/31/07
2001 OWDA Loan #3429	2.0%	\$ 370,849		\$ 19,177	\$ 351,672	\$ -	\$ 19,563	\$ 332,109
2000 OPWC Loan	2.0%	216,264	-	10,302	205,962	-	5,267	200,695
1998 OWDA Loan #1749	8.09%	95,887	-	8,986	86,901	-	9,713	77,188
OWDA Loan #3385	6.03%	-	9,000	-	83,517	-	24,750	58,767
Total Business-Type Activities		\$ 587,113	\$ 9,000	\$ 38,465	\$ 728,052	\$ -	\$ 59,293	\$ 668,759

The 2001 Ohio Water Development Authority (OWDA) loan 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 2001 Ohio Public Works Commission (OPWC) loan relates to the above-mentioned sewer lift station project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$8,357, including interest, over 20 years. Sewer receipts secure the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. The prior audit misstated the 12/31/05 balance of this loan as \$213,164. Confirmation with the lending institution states the balance as \$216,264.

Village of Middleport - Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 9 – Debt (Continued)

The 1988 Ohio Water Development Authority (OWDA) loan relates to a water construction project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$7,849, including interest, over 25 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The prior audit misstated the 12/31/05 balance of this loan as \$95,888. Confirmation with the lending institution states the balance as \$95,887.

The following is a summary of the Village's future annual debt service requirements:

<u>2000 Fire Truck</u>			<u>2005 Police Cruiser</u>			<u>Water Revenue Bond</u>		
Year	Principal	Interest	Year	Principal	Interest	Year	Principal	Interest
2008	\$ 17,495	\$ 4,219	2008	\$ 3,950	\$ 505	2008	\$ 28,889	\$ 3,033
2009	18,542	3,171	2009	4,157	299	2009	<u>28,888</u>	<u>1,517</u>
2010	19,639	2,075	2010	<u>139</u>	<u>16</u>	Total	<u>\$ 57,777</u>	<u>\$ 4,550</u>
2011	<u>20,665</u>	<u>913</u>	Total	<u>\$ 8,246</u>	<u>\$ 820</u>			
Total	<u>\$ 76,341</u>	<u>\$10,378</u>						

<u>Mark V Demo</u>			<u>Sun Trust Fire Truck</u>			<u>OWDA #3385</u>		
Year	Principal	Interest	Year	Principal	Interest	Year	Principal	Interest
2008	\$ 39,094	\$ 1,672	2008	\$ 24,753	\$ 11,220	2008	\$ 117,535	\$ -
Total	<u>\$ 39,094</u>	<u>\$ 1,672</u>	2009	25,834	10,139	Total	<u>\$ 117,535</u>	<u>\$ -</u>
			2010	26,962	9,011			
			2011	28,139	7,834			
			2012	29,367	6,606			
			2013 -					
			2016	<u>130,858</u>	<u>13,033</u>			
			Total	<u>\$ 265,913</u>	<u>\$ 57,843</u>			

<u>OWDA #3429</u>			<u>OPWC</u>			<u>OWDA #1749</u>		
Year	Principal	Interest	Year	Principal	Interest	Year	Principal	Interest
2008	\$ 19,956	\$ 6,543	2008	\$ 10,773	\$ 5,941	2008	\$ 10,498	\$ 5,403
2009	20,357	6,142	2009	11,098	5,615	2009	11,348	4,668
2010	20,766	5,733	2010	11,434	5,280	2010	12,266	3,874
2011	21,184	5,315	2011	11,780	4,934	2011	13,258	3,015
2012	21,610	4,889	2012	12,136	4,578	2012	14,330	2,087
2013 -			2013 -			2013	<u>15,488</u>	<u>1,085</u>
2017	114,740	17,754	2017	66,406	17,161	Total	<u>\$ 77,188</u>	<u>\$20,132</u>
2018 -			2018 -					
2022	<u>113,496</u>	<u>5,751</u>	2022	<u>77,068</u>	<u>6,500</u>			
Total	<u>\$332,109</u>	<u>\$52,127</u>	Total	<u>\$200,695</u>	<u>\$50,009</u>			

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Village of Middleport - Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 – Leases

The Village leases a chipper. The Village disbursed \$5,117 in both 2007 and 2006. The lease was paid in full during the audit period.

Description	Interest Rate	Principal Outstanding 12/31/05	Add	Deductions	Principal Outstanding 12/31/06	Add	Deductions	Principal Outstanding 12/31/07
Bandit Chipper	5.10%	\$ 7,928	\$ -	\$ 3,400	\$ 4,528	\$ -	\$ 4,528	\$ -
Total Lease Activities		\$ 7,928	\$ -	\$ 3,400	\$ 4,528	\$ -	\$ 4,528	\$ -

Perry & Associates
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

August 25, 2008

Village of Middleport
Meigs County
237 Race St.
Middleport, Ohio 45760

To the Mayor, Fiscal Officer, and Members of Village Council:

We have audited the financial statements of the **Village of Middleport, Meigs County, Ohio** (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 25, 2008, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies above are not material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated August 25, 2008.

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, providing an opinion 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 that we must report under *Government Auditing Standard* that are described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance matters that we reported to the Village's management in a separate letter dated August 25, 2008.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Noncompliance Citation/Significant Deficiency

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's Fiscal Officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" certificate - If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001 (Continued)

The Village did not properly certify the availability of funds prior to purchase commitment for 20% of the expenditures tested during 2006 and 75% of expenditures tested in 2007, and there was no evidence that the Village followed the aforementioned exceptions. Without these certifications, the management of the Village lost budgetary control over expenditures.

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

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2007-002

Significant Deficiency

Mayor's Court Bank Reconciliations

The Mayor's Court account was not reconciled with the bank on a regular basis. As a result, errors and irregularities could go undetected for an extended period of time.

The Village's books were not updated to reflect deposits of Mayor's Court receipts into the Law Enforcement Trust Fund from April to December of 2006. The book was not reconciled with the bank until December 2007.

The Fiscal Officer should ensure that bank reconciliations are performed monthly and that any discrepancies noted in the reconciliation are resolved in a timely manner. Posting of receipts and expenses should be done at the time the deposit is made, or when the check is written.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-003

Significant Deficiency

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2006 and 2007, several receipts and expenditures were not posted into accurate revenue and expenditure classifications based on the source of the receipt or expenditure. For example;

- Utilities receipts for the Sewer Operating Fund were posted to the Street Fund.
- Sale of Fixed Assets (Vehicles and Depot Roof Slate) were posted to Miscellaneous
- Sale of Bonds was posted to Special Assessments.
- Insurance money disbursement for burned building posted to Debt Service Principal rather than Capital Outlay
- Debt proceeds for a loan posted as Miscellaneous
- Reconnection, restitution, and returned check fees for utilities services recorded as Miscellaneous rather than Charges for Services.
- Cable franchise fees were posted to Miscellaneous rather than Licenses, Permits, and Fees

These inaccurate postings resulted in several reclassification and adjusting entries being made to the financial statements.

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF MIDDLEPORT
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC 5705.36(A)(2) – Did not request amended certificate when revenue collected would be greater/less than amount in official certificate of estimated resources.	Yes	
2005-002	Material Weakness – Books not accurately reconciled with Bank.	Yes	
2005-003	ORC 5705.41(D) – Expenditures not properly encumbered	No	Repeated as Finding 2007-001



Mary Taylor, CPA
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
NOVEMBER 25, 2008**