

VILLAGE OF MIDWAY
COLUMBUS REGION, MADISON COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001



**Auditor of State
Betty Montgomery**

Village Council
Village of Midway
PO Box 104
Sedalia, Ohio 43151-0104

We have reviewed the Independent Auditor's Report of the Village of Midway, Madison County, prepared by Holbrook & Manter, CPAs, for the audit period January 1, 2001 to December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Midway is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 11, 2004

This Page is Intentionally Left Blank.

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	5
Notes to the Financial Statements.....	6-10
Report on Compliance and Internal Control Required by <i>Government Auditing Standards</i>	11



INDEPENDENT AUDITORS' REPORT

Village of Midway
Madison County
P.O. Box 104
Sedalia, Ohio 43151-0104

We have audited the accompanying financial statements of the Village of Midway, Madison County, Ohio, (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Midway, Madison County, as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2004 on our consideration of the Village's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Holbrook & Manter

Certified Public Accountants

June 28, 2004
Marysville, Ohio

**VILLAGE OF MIDWAY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$ 5,419	\$ 1,574	\$ 6,993
Intergovernmental	38,219	6,492	44,711
Charges for services	0	0	0
Interest	1,870	0	1,870
Miscellaneous	144	0	144
	45,652	8,066	53,718
Total cash receipts			
Cash disbursements:			
Current:			
Security of persons and property	0	7,168	7,168
Public health services	0	0	0
Leisure time activities	11,981	0	11,981
Basic utility services	2,663	0	2,663
Transportation	0	3,482	3,482
General government	16,718	0	16,718
	31,362	10,650	42,012
Total cash disbursements			
Total receipts over/(under) cash disbursements	14,290	(2,584)	11,706
Fund cash balances, January 1, 2002	48,159	31,263	79,422
Fund cash balances, December 31, 2002	\$ 62,449	\$ 28,679	\$ 91,128

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

VILLAGE OF MIDWAY
MADISON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2001

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$ 6,618	\$ 1,650	\$ 8,268
Intergovernmental	42,980	6,796	49,776
Interest	3,798	0	3,798
Miscellaneous	585	0	585
Total cash receipts	53,981	8,446	62,427
Cash disbursements:			
Current:			
Security of persons and property	500	5,131	5,631
Basic utility services	3,306	0	3,306
Leisure time activities	46,926	0	46,926
Transportation	0	8,416	8,416
General government	18,348	0	18,348
Total cash disbursements	69,080	13,547	82,627
Total receipts over/(under) cash disbursements	(15,099)	(5,101)	(20,200)
Other financing receipts/(disbursements):			
Operating transfer-in	0	20,000	20,000
Operating transfer-out	(20,000)	0	(20,000)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(35,099)	14,899	(20,200)
Fund cash balances, January 1, 2001	83,258	16,364	99,622
Fund cash balances, December 31, 2001	\$ 48,159	\$ 31,263	\$ 79,422

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

VILLAGE OF MIDWAY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - The Village of Midway, Madison County, Ohio (the Village) is a body corporate and Politic, established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member council. The Village provides general governmental services, and park operations (leisure time activities).

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

Basis of Accounting –These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when encumbrance is approved).

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

Cash and Investments - Certificates of deposit are valued at cost.

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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

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

State Highway Fund

This fund receives local taxes and intergovernmental revenues for constructing, maintaining and repairing Village streets.

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

Appropriations

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

VILLAGE OF MIDWAY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :- (CONTINUED)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

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

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	<u>2002</u>	<u>2001</u>
Demand Deposits	\$ 33,200	\$ 21,494
Certificate of Deposit	<u>57,928</u>	<u>57,928</u>
Total Deposits	<u>\$ 91,128</u>	<u>\$ 79,422</u>

Deposits - The Villages deposits are insured by the Federal Depository Insurance Corporation up to \$100,000. As of December 31, 2002 and 2001, deposits over \$100,000 were adequately collateralized by the financial institutions public entity deposit pool.

VILLAGE OF MIDWAY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the years ending December 31, 2002 and 2001 was as follows:

2002 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 85,000	\$ 45,652	\$ (39,348)
Special Revenue	<u>39,800</u>	<u>8,066</u>	<u>(31,734)</u>
Total	<u>\$ 124,800</u>	<u>\$ 53,718</u>	<u>\$ (71,082)</u>

2002 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 56,900	\$ 31,362	\$ 25,538
Special Revenue	<u>39,450</u>	<u>10,650</u>	<u>28,800</u>
Total	<u>\$ 96,350</u>	<u>\$ 42,012</u>	<u>\$ 54,338</u>

VILLAGE OF MIDWAY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3 - BUDGETARY ACTIVITY:- (CONTINUED)

2001 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 66,500	\$ 53,981	\$ (12,519)
Special Revenue	<u>13,200</u>	<u>28,446</u>	<u>15,246</u>
Total	<u>\$ 79,700</u>	<u>\$ 82,427</u>	<u>\$ 2,727</u>

2001 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 96,200	\$ 89,080	\$ 7,120
Special Revenue	<u>38,450</u>	<u>13,547</u>	<u>24,903</u>
Total	<u>\$ 134,650</u>	<u>\$ 102,627</u>	<u>\$ 32,023</u>

VILLAGE OF MIDWAY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 4 – PROPERTY TAX:-

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

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

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

NOTE 5 - RETIREMENT SYSTEMS:-

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost – sharing, multiple-employee plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for the same period. The Village has paid all contributions required through December 31, 2002.

NOTE 6 – RISK MANAGEMENT:-

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



Report on Compliance and on Internal Control Required by Government Auditing Standards

Village of Midway
Madison County
P.O. Box 104
Sedalia, Ohio 43151-0104

We have audited the accompanying financial statements the Village of Midway, Madison County, Ohio (the Village) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated June 28, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Village in a separate letter dated June 28, 2004.

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

Holbrook & Manter

Certified Public Accountants

June 28, 2004
Marysville, Ohio



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF MIDWAY

MADISON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 7, 2004**