

VILLAGE OF MIDVALE
TUSCARAWAS COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022





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Village Council
Village of Midvale
3111 Barnhill Road
Midvale, OH 44653

We have reviewed the *Independent Auditor's Report* of the Village of Midvale, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. 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 Midvale is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 18, 2024

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**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Midvale
Tuscarawas County
3111 Barnhill Road
Midvale, Ohio 44653

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Midvale, Tuscarawas County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or cash flows, thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

September 30, 2024

Village of Midvale
Tuscarawas County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 16,905	\$ 38,037	\$ 54,942
Municipal Income Tax	321,213	-	321,213
Intergovernmental	23,078	77,556	100,634
Charges for Services	20,164	-	20,164
Fines, Licenses and Permits	1,194	-	1,194
Earnings on Investments	4	-	4
Miscellaneous	53,904	2,859	56,763
<i>Total Cash Receipts</i>	<u>436,462</u>	<u>118,452</u>	<u>554,914</u>
Cash Disbursements			
Current:			
Security of Persons and Property	154,805	297	155,102
Public Health Services	140	-	140
Leisure Time Activities	30,447	556	31,003
Basic Utility Services	2,595	13,175	15,770
Transportation	65,537	120,239	185,776
General Government	142,886	50,226	193,112
Capital Outlay	2,030	-	2,030
Debt Service:			
Principal Retirement	5,060	-	5,060
<i>Total Cash Disbursements</i>	<u>403,500</u>	<u>184,493</u>	<u>587,993</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>32,962</u>	<u>(66,041)</u>	<u>(33,079)</u>
Other Financing Receipts (Disbursements)			
Other Financing Uses	(62)	-	(62)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(62)</u>	<u>-</u>	<u>(62)</u>
<i>Net Change in Fund Cash Balances</i>	32,900	(66,041)	(33,141)
<i>Fund Cash Balances, January 1</i>	<u>134,536</u>	<u>171,360</u>	<u>305,896</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 167,436</u>	<u>\$ 105,319</u>	<u>\$ 272,755</u>

See accompanying notes to the financial statements

Village of Midvale
Tuscarawas County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 589,585
<i>Total Operating Cash Receipts</i>	589,585
Operating Cash Disbursements	
Personal Services	118,378
Fringe Benefits	30,418
Contractual Services	81,720
Supplies and Materials	26,197
<i>Total Operating Cash Disbursements</i>	256,713
<i>Operating Income/(Loss)</i>	332,872
Non-Operating Receipts (Disbursements)	
Intergovernmental Revenues	554
Earnings on Investments	48
Other Debt Proceeds	252,257
Principal Retirement	(99,002)
Interest and Other Fiscal Charges	(4,832)
Capital Outlay	(169,686)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	(20,661)
<i>Net Receipts Over Disbursements</i>	312,211
Cash Balances, January 1	608,348
<i>Cash Balances, December 31</i>	\$ 920,559

See accompanying notes to the financial statements

Village of Midvale
Tuscarawas County, Ohio
Statement of Additions, Deductions
and Change in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2023

	Fiduciary Fund Type Custodial
Additions	
Fines, Licenses and Permits	\$ 1,005
<i>Total Additions</i>	1,005
Deductions	
Distributions to Other Governments	1,021
<i>Total Deductions</i>	1,021
<i>Net Change in Fund Cash Balance</i>	(16)
Cash Balances, January 1	24
<i>Cash Balances, December 31</i>	\$ 8

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

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Midvale (the Village), Tuscarawas County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities, park operations, and police service. The Village contracts with the Village of Dennison, Ohio for fire protection services and for Emergency Medical Services, the Village contracts with Smith Ambulance Service.

Jointly Governed Organization

The Village participates in the Tuscarawas County Tax Incentive Review Council (TCTIRC), a jointly governed organization. See Note 11 to the financial statements for more information on this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Street Levy Fund This fund receives property tax money for constructing, maintaining and repairing Village streets.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies – (continued)

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

Water Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activities that are not required to be reported in a trust fund. The Village's one custodial fund accounts for the Mayor's Court, which receives money from fines and forfeitures.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognized receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) 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 appropriations measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. A summary of 2023 budgetary activity appears in Note 4.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies – (continued)

Deposits and Investments

The Village’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

Note 3 – Compliance

Contrary to ORC Section 5705.41.(D), the Village had purchase orders dated after invoices in 31% of the tested transactions.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 393,121	\$ 436,462	\$ 43,341
Special Revenue	93,867	118,452	24,585
Enterprise	752,902	842,444	89,542

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 405,140	\$ 410,165	\$ (5,025)
Special Revenue	213,743	188,649	25,094
Enterprise	748,080	538,380	209,700

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Deposits and Investments

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

	<u>2023</u>
Demand Deposits	\$ 1,193,322

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village (via RITA – Regional Income Tax Authority) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

One (1) Village full-time Police Officer belongs to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post retirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Some employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal 6.2 percent of participants' gross salaries. The Village has paid all contributions required for the year 2023.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
OWDA 5656	\$ 309,826	1.5%
OWDA 10101	252,257	0%
Fire Marshall Revolving Loan	32,895	0%
Total	\$ 594,978	

The Ohio Water Development Authority (OWDA) loan relates to the purchase of the Village of Roswell Water System. OWDA issued a loan for \$512,147 to the Village for this purchase in 2015. The Village will repay the loan in semi-annual installments of \$10,631 including interest over a 30 year period. Water receipts collateralize this loan.

The Fire Marshall loan was executed in August 2015 for the purchase of a 1993 Pierce Pumper truck for the Fire Department. This loan will be repaid in quarterly installments of \$1,265 over 15 years with no interest to the Ohio Department of Commerce. The pumper truck will collateralize the loan.

The OWDA Engineering Loan was acquired with the new Engineer coming on board for all the water project. This loan was acquired in January 2023 in the amount of \$353,693 for design & planning for the water meter & initial water line replacement project. OWDA rolled over the remaining amount on the TnT Engineering loan #8777 into this loan. There has been no amortization schedule created for this loan.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt (continued)

Amortization

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

Year Ending December 31:	OWDA Loan	Fire Marshall Loan
2024	\$ 21,263	\$ 5,060
2025	21,263	5,060
2026	21,263	5,060
2027	21,263	5,060
2028	21,263	5,060
2029-2033	106,313	7,595
2034-2038	106,313	-
2039-2040	42,525	-
Total	\$ 361,466	\$ 32,895

Note 11 – Jointly Governed Organizations

Tuscarawas County Tax Incentive Council

The Tuscarawas County Incentive Review Council (TCTIRC) is a jointly governed organization created as a regional council of governments pursuant to Section 5705.62 of the Ohio Revised Code. TCTIRC has forty-four members consisting of three members appointed by the County Commissioners. Eighteen members appointed by municipal corporations, fourteen members appointed by Township Trustees, one member from the County Auditor’s office and eight members appointed by Boards of Education located with the County. TCTIRC reviews and evaluates the performance of each enterprising zone agreement. However, the TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent on the Village’s continued participation and no measurable equity interest exists. During 2023 no monies were paid to TCTIRC from the Village. The Village does not retain an ongoing financial interest or an ongoing financial responsibility with the TCTIRC.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the Grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 6,603	\$ 4,156	\$ 10,759

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – Subsequent Events

The Village entered an Asset Purchase Agreement on August 5, 2024, for the sale of the Village Water Department with Aqua Ohio, Inc for \$2,950,000. The finalization of the sale is expected to be completed in the first quarter of 2025.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. In previous years, the Village received COVID-19 funding. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines. The 2023 activity includes, a total of \$49,775 in COVID funds spent. These amounts are reflected as general government expenditures in the applicable Special Revenue Fund on the accompanying financial statements.

Village of Midvale
Tuscarawas County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 15,392	\$ 41,044	\$ 56,436
Municipal Income Tax	320,841	-	320,841
Intergovernmental	24,468	132,645	157,113
Charges for Services	18,358	-	18,358
Fines, Licenses and Permits	3,106	-	3,106
Earnings on Investments	8	-	8
Miscellaneous	9,213	-	9,213
	<u>391,386</u>	<u>173,689</u>	<u>565,075</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons and Property	154,296	2,430	156,726
Public Health Services	139	-	139
Leisure Time Activities	18,767	1,759	20,526
Basic Utility Services	2,693	12,106	14,799
Transportation	-	75,255	75,255
General Government	118,765	25,363	144,128
Debt Service:			
Principal Retirement	5,060	-	5,060
	<u>299,720</u>	<u>116,913</u>	<u>416,633</u>
<i>Total Cash Disbursements</i>			
<i>Net Change in Fund Cash Balances</i>	91,666	56,776	148,442
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>42,870</u>	<u>114,584</u>	<u>157,454</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 134,536</u>	<u>\$ 171,360</u>	<u>\$ 305,896</u>

See accompanying notes to the financial statements

Village of Midvale
Tuscarawas County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 407,261
<i>Total Operating Cash Receipts</i>	407,261
Operating Cash Disbursements	
Personal Services	73,077
Fringe Benefits	18,128
Contractual Services	260,032
Supplies and Materials	58,998
Other	242
<i>Total Operating Cash Disbursements</i>	410,477
<i>Operating Income/(Loss)</i>	(3,216)
Non-Operating Receipts (Disbursements)	
Intergovernmental Revenues	1,346
Earnings on Investments	26
Principal Retirement	(20,620)
Interest and Other Fiscal Charges	(5,075)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	(24,323)
<i>Net Receipts Over/(Under) Disbursements</i>	(27,539)
Cash Balances, January 1	635,887
<i>Cash Balances, December 31</i>	\$ 608,348

See accompanying notes to the financial statements

Village of Midvale
Tuscarawas County, Ohio
Statement of Additions, Deductions
and Change in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2022

	Fiduciary Fund Type Custodial
Additions	
Fines, Licenses and Permits	\$ 3,030
<i>Total Additions</i>	3,030
Deductions	
Distributions to Other Governments	3,194
<i>Total Deductions</i>	3,194
<i>Net Change in Fund Cash Balance</i>	(164)
Cash Balances, January 1 (<i>Restated</i>)	188
<i>Cash Balances, December 31</i>	\$ 24

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

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Midvale (the Village), Tuscarawas County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities, park operations, and police service. The Village contracts with the Village of Dennison, Ohio for fire protection services and for Emergency Medical Services, the Village contracts with Smith Ambulance Service.

Jointly Governed Organization

The Village participates in the Tuscarawas County Tax Incentive Review Council (TCTIRC), a jointly governed organization. See Note 11 to the financial statements for more information on this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Street Levy Fund This fund receives property tax money for constructing, maintaining and repairing Village streets.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies – (continued)

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

Water Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activities that are not required to be reported in a trust fund. The Village's one custodial fund accounts for the Mayor's Court, which receives money from fines and forfeitures.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognized receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriations measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 4.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Deposits and Investments

The Village’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Note 3 – Accountability and Compliance

Change in Accounting Principles

For 2022, the Village has implemented GASB Statement No. 87, “Leases”, GASB Implementation Guide 2019-3, “Leases”, GASB Implementation Guide 2020-1, “Implementation Guide Update - 2020”, GASB Statement No. 91, “Conduit Debt Obligations”, GASB Statement No. 92, “Omnibus 2020”, GASB Statement No. 93, “Replacement of Interbank Offered Rates”, GASB Statement No. 97, “ Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32” and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Since the Village does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the Village.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the Village.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Accountability and Compliance (continued)

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Village.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the Village.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the Village.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the Village.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Village.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Accountability and Compliance (continued)

Restatement of Fund Cash Balance

For the year ended December 31, 2021, the Village restated the fund cash balance due to an error in the previous year. The restatement to the December 31, 2021 fund cash balances for the custodial funds follow:

	General Fund	Custodial Fund
December 31, 2021 audited balances	\$ 28,462	\$ 13,997
Adjustment to correct Mayor's court revenue recognized in prior periods	13,809	(13,809)
Adjustment related to prior period voided check	599	-
January 1, 2022 restated balance	\$ 42,870	\$ 188

Compliance

Contrary to ORC Section 5705.41.(D), the Village had purchase orders dated after invoices in 44% of the tested transactions.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
	Budgeted		
Fund Type	Receipts	Actual Receipts	Variance
General	\$ 296,055	\$ 391,386	\$ 95,331
Special Revenue	131,463	173,689	42,226
Enterprise	421,520	408,633	(12,887)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
	Appropriation		
Fund Type	Authority	Budgetary Disbursements	Variance
General	\$ 349,417	\$ 301,803	\$ 47,614
Special Revenue	170,086	118,474	51,612
Enterprise	505,116	438,520	66,596

Note 5 – Deposits and Investments

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

	2022
Demand Deposits	\$ 914,268

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments (continued)

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village (via RITA – Regional Income Tax Authority) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

One (1) Village full-time Police Officer belongs to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post retirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

Some employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal 6.2 percent of participants' gross salaries. The Village has paid all contributions required for the year 2022.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and reemployed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
OWDA 5656	\$ 326,257	1.5%
OWDA 8777	82,571	2.33%
Fire Marshall Revolving Loan	37,955	0%
Total	\$ 446,783	

The Ohio Water Development Authority (OWDA) loan relates to the purchase of the Village of Roswell Water System. OWDA issued a loan for \$512,147 to the Village for this purchase in 2015. The Village will repay the loan in semi-annual installments of \$10,631 including interest over a 30 year period. Water receipts collateralize this loan.

The Fire Marshall loan was executed in August 2015 for the purchase of a 1993 Pierce Pumper truck for the Fire Department. This loan will be repaid in quarterly installments of \$1,265 over 15 years with no interest to the Ohio Department of Commerce. The pumper truck will collateralize the loan.

The OWDA Engineering loan relates to a water filtration plant expansion project that the Ohio EPA mandated. The Village set utility rates sufficient to cover OWDA debt service requirements. This loan will be repaid from the Water fund capital improvement receipts. OWDA approved \$261,135 in loans to the Village for the engineering portion of this project and has adjusted scheduled payments to reflect any revisions in amounts the Village actually borrows. Due to the untimely death of the CEO & Owner of the original engineering firm contracted by the Board of Public Affairs for the Village of Midvale’s water project and this firm ultimately closing a new firm has been contracted to proceed with the water filtration project. Total funds disbursed from loan #8777 were \$88,660 (paid to TnT Engineering). At the present time OWDA has not completed an amortization of this loan. As of 12/31/2022 loan #8777 shows a balance of \$82,571. Indicated by the new Engineer, according to OWDA, once the construction phase begins the balance of this loan will be combined with the construction loan.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (continued)

Amortization

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

Year Ending December 31:	OWDA Loan	Fire Marshall Loan
2023	\$ 21,263	\$ 5,060
2024	21,263	5,060
2025	21,263	5,060
2026	21,263	5,060
2027	21,263	5,060
2028-2032	106,313	12,655
2033-2037	106,313	-
2038-2040	63,788	-
Total	\$ 382,729	\$ 37,955

Note 11 – Jointly Governed Organizations

Tuscarawas County Tax Incentive Council

The Tuscarawas County Incentive Review Council (TCTIRC) is a jointly governed organization created as a regional council of governments pursuant to Section 5705.62 of the Ohio Revised Code. TCTIRC has forty-four members consisting of three members appointed by the County Commissioners. Eighteen members appointed by municipal corporations, fourteen members appointed by Township Trustees, one member from the County Auditor’s office and eight members appointed by Boards of Education located with the County. TCTIRC reviews and evaluates the performance of each enterprising zone agreement. However, the TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent on the Village’s continued participation and no measurable equity interest exists. During 2022 no monies were paid to TCTIRC from the Village. The Village does not retain an ongoing financial interest or an ongoing financial responsibility with the TCTIRC.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the Grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

VILLAGE OF MIDVALE
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 2,083	\$ 1,561	\$ 3,644

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Village of Midvale
Tuscarawas County
3111 Barnhill Road
Midvale, Ohio 44653

To the Village Council:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental, proprietary and fiduciary fund type of the Village of Midvale, Tuscarawas County, (the Village) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2024, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2023-002 and 2023-003.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 30, 2024.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
September 30, 2024

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2023-001 - Material Weakness

Financial Reporting - Posting Receipts and Disbursements

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. During 2023 and 2022, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

For 2023

- Property tax revenues totaling \$2,551 levied for the General and Street Construction and Maintenance Funds were posted to the Water Fund instead of the General and Street Construction and Maintenance Funds.
- Municipal Income Tax revenues were recorded at net and not gross resulting in the under reporting of revenues and disbursements in the amount of \$9,566;
- Interest payment for debt was improperly classified as Principal payments in the amount of \$2,096 in the Water Operating Fund;
- Other Debt Proceeds under reported in the amount of \$89,257 with the corresponding capital outlay expenditure in the amount of \$89,257 needing recorded;
- Capital Outlay expenditures were improperly recorded as Contractual Services expenditures in the amount of \$163,000;
- Capital improvement fees were recorded as Capital Contributions instead of recording them as Charges for Services in the amount of \$139,398 and
- Mayor's court activity was recorded in the General Fund that should have been recorded in the custodial fund.

For 2022

- Gasoline tax revenues were improperly recorded in the General Fund in the amount of \$4,259;
- Municipal Income Tax revenues were recorded at net and not gross resulting in the under reporting of revenues and disbursements in the amount of \$9,489;
- Charges for Service revenue was improperly recorded in the Municipal Income Tax line in the General Fund in the amount of \$615 and
- Mayor's court activity was recorded in the General Fund that should have been recorded in the custodial fund.

Not posting receipts and disbursements correctly resulted in the financial statements requiring reclassification and adjusting entries. The financial statements and Village's records reflect all reclassifications and adjustments.

We recommend the Fiscal Officer refer to the Village Officers Handbook and Auditor of State guidance to determine the proper establishment of disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements.

Management's Response – See Corrective Action Plan.

VILLAGE OF MIDVALE
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING 2023-002- Noncompliance

Timely Deposits

Ohio Rev. Code § 9.38 indicates that monies should be deposited with the Treasurer or designated depository within 24 hours of collection and requires that monies be deposited on the next business day if the daily receipt amounts exceed \$1,000. If daily receipts do not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting their officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.

The Village did not deposit and post the receipts in a timely manner for 30% of receipts tested in 2022 and 71% in 2023. The lack of timely depositing and recording to the UAN system could cause the daily receipts to be lost or misplaced without being detected in a timely manner.

We recommend the Village review its depositing policy for compliance with the above provision. The Mayor and/or the Fiscal Officer should monitor the Village activity to ensure funds received are deposited and recorded as required by their policy and this section.

Management's Response – See Corrective Action Plan.

Finding 2023-003 – Noncompliance

Certifying the Availability of Funds

Ohio Revised Code Section 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 resolution or ordinance.

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.

VILLAGE OF MIDVALE
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding 2023-003 – Noncompliance (Continued)

Certifying the Availability of Funds (Continued)

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 Village 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.

The Village did not properly certify the availability of funds prior to purchase commitment for 31% of the expenditures tested in 2023 and 44% of the expenditures tested in 2022.

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 – See Corrective Action Plan.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Audit adjustments and Reclassification	Not Corrected	N/A
2021-002	Utility Receipt Reconciliations	Corrected	N/A
2021-003	Timely Deposits	Not Corrected	N/A
2021-004	Certification of Expenditures	Not Corrected	N/A

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	The Village will review the financial statements at year end for the suggested corrections and ensure they are corrected prior to submitting.	Immediately	Georgianne Turner, Fiscal Officer
2023-002	The Village will ensure that receipts are deposited and recorded timely going forward.	Immediately	Georgianne Turner, Fiscal Officer
2023-003	The Village will ensure that the purchase orders will be properly encumbered for all purchases from now on.	Immediately	Georgianne Turner, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MIDVALE

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/3/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov