

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2003-2002**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Midvale  
3111 Barnhill Road  
P.O. Box 227  
Midvale, Ohio 44653

We have reviewed the Independent Auditor's Report of the Village of Midvale, Tuscarawas County, prepared by Hausser + Taylor LLC, for the audit period January 1, 2002 through December 31, 2003. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

February 1, 2005

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VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Midvale  
Tuscarawas County  
3111 Barnhill Road  
P.O. Box 227  
Midvale, Ohio 44653

To the Village Council:

We have audited the accompanying financial statements of the Village of Midvale, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2003 and 2002. 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 State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2003 and 2002, 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 August 31, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Village of Midvale  
Tuscarawas County  
Report of Independent Accountants  
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This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Hausser + Taylor LLC*

Canton, Ohio  
August 31, 2004



**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DIBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 173,047	\$ 41,126	\$ 214,173
Intergovernmental Receipts	37,149	44,463	81,612
Charges for Services	7,274	6,138	13,412
Fines, Licenses, and Permits	2,476	-	2,476
Earnings on Investments	1,818	375	2,193
Miscellaneous	4,801	23	4,824
	<u>226,565</u>	<u>92,125</u>	<u>318,690</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	84,002	-	84,002
Public Health Services	1,064	-	1,064
Leisure Time Activities	10,614	8,129	18,743
Basic Utility Services	14,411	-	14,411
Transportation	9,299	96,384	105,683
General Government	101,807	443	102,250
Capital Outlay	-	5,980	5,980
Debt Service:			
Principal Payments	-	19,738	19,738
Interest Payments	-	3,234	3,234
	<u>221,197</u>	<u>133,908</u>	<u>355,105</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over (Under) Disbursements</b>	<u>5,368</u>	<u>(41,783)</u>	<u>(36,415)</u>
<b>Other Financing Receipts and (Disbursements)</b>			
Transfers-In	-	19,765	19,765
Transfers-Out	(19,765)	-	(19,765)
Other - Grants	-	9,600	9,600
	<u>(19,765)</u>	<u>29,365</u>	<u>9,600</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(14,397)</u>	<u>(12,418)</u>	<u>(26,815)</u>
<b>Fund Cash Balances, January 1</b>	<u>155,176</u>	<u>60,549</u>	<u>215,725</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 140,779</u>	<u>\$ 48,131</u>	<u>\$ 188,910</u>
<b>Reserves for Encumbrances, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 159,157	\$ 39,490	\$ 198,647
Intergovernmental Receipts	24,688	43,617	68,305
Charges for Services	5,205	3,718	8,923
Fines, Licenses, and Permits	1,813	-	1,813
Earnings on Investments	1,542	459	2,001
Miscellaneous	5,207	-	5,207
<b>Total Cash Receipts</b>	<u>197,612</u>	<u>87,284</u>	<u>284,896</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	54,755	-	54,755
Public Health Services	2,243	-	2,243
Leisure Time Activities	9,761	-	9,761
Basic Utility Services	20,397	-	20,397
Transportation	2,026	85,705	87,731
General Government	101,492	470	101,962
Capital Outlay	-	3,350	3,350
Debt Service:			
Principal Payments	-	11,537	11,537
Interest Payments	-	3,463	3,463
<b>Total Cash Disbursements</b>	<u>190,674</u>	<u>104,525</u>	<u>295,199</u>
<b>Total Receipts Over (Under) Disbursements</b>	<u>6,938</u>	<u>(17,241)</u>	<u>(10,303)</u>
<b>Other Financing Receipts and (Disbursements)</b>			
Transfers-In	-	15,000	15,000
Transfers-Out	(18,208)	-	(18,208)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(18,208)</u>	<u>15,000</u>	<u>(3,208)</u>
<b>Deficiency of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(11,270)</u>	<u>(2,241)</u>	<u>(13,511)</u>
Fund Cash Balances, January 1	<u>166,446</u>	<u>62,790</u>	<u>229,236</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 155,176</u>	<u>\$ 60,549</u>	<u>\$ 215,725</u>
Reserves for Encumbrances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DIBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	Enterprise	
	2003	2002
<b>Operating Cash Receipts:</b>		
Charges for Services	\$ 214,419	\$ 233,150
Total Operating Cash Receipts	214,419	233,150
<b>Operating Cash Disbursements:</b>		
Personal Services	41,124	39,595
Fringe Benefits	16,260	15,324
Contractual Services	33,357	56,645
Supplies and Materials	85,257	82,154
Capital Outlay	-	1,469
Total Cash Disbursements	175,998	195,187
Operating Income/(Loss)	38,421	37,963
<b>Non-Operating Cash Receipts:</b>		
Earnings on investments	730	1,075
Total Non-Operating Cash Receipts	730	1,075
<b>Non-Operating Cash Disbursements:</b>		
Debt Service:		
Principal Payments	20,000	20,000
Interest Payments	4,271	5,350
Total Non-Operating Cash Disbursements	24,271	25,350
Excess of Receipts Over Disbursements Before Interfund Transfers	14,880	13,688
Transfers-In	-	3,208
Net Receipts Over/(Under) Disbursements	14,880	16,896
Fund Cash Balances, January 1	96,888	79,992
<b>Fund Cash Balances, December 31</b>	\$ 111,768	\$ 96,888
Reserves for Encumbrances, December 31	\$ -	\$ -

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

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**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Midvale, Tuscarawas County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and trash utilities, park operations, and police and fire services.

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

**B. Basis of Accounting**

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

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

**C. Cash**

The Village maintains both interest and non-interest bearing checking accounts and an interest-bearing savings account.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has 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.

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

*Parks Recreation Fund* – This fund receives donations and park building rentals to fund the maintenance and repair of the Park.

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Enterprise Funds**

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

*Water Operating Fund* – This fund receives charges for services from residents to cover the cost of providing this utility.

**E. Budgetary Process**

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

**1. 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 the appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. 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 also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 300,678	\$ 312,613

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 277,884	\$ 226,565	\$ (51,319)
Special Revenue	168,629	121,490	(47,139)
Enterprise	<u>235,200</u>	<u>215,149</u>	<u>(20,051)</u>
Total	\$ <u>681,713</u>	\$ <u>563,204</u>	\$ <u>(118,509)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 344,852	\$ 240,962	\$ 103,890
Special Revenue	141,161	133,908	7,253
Enterprise	<u>273,348</u>	<u>200,269</u>	<u>73,079</u>
Total	\$ <u>759,361</u>	\$ <u>575,139</u>	\$ <u>184,222</u>

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 203,704	\$ 197,612	\$ (6,092)
Special Revenue	99,300	102,284	2,984
Enterprise	<u>253,950</u>	<u>237,433</u>	<u>(16,517)</u>
Total	\$ <u>556,954</u>	\$ <u>537,329</u>	\$ <u>(19,625)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 277,621	\$ 208,882	\$ 68,739
Special Revenue	124,170	104,525	19,645
Enterprise	<u>267,281</u>	<u>220,537</u>	<u>46,744</u>
Total	\$ <u>669,072</u>	\$ <u>533,944</u>	\$ <u>135,128</u>

**4. NONCOMPLIANCE**

Contrary to Ohio Rev. Code Section 5705.41(D), 2003 and 2002 expenditures were not certified prior to incurring the commitment.

Contrary to Ohio Rev. Code Section 733.28, certain receipts and expenditures were improperly classified during 2003 and 2002.

**5. PROPERTY TAX**

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

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



**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. PROPERTY TAX (Continued)**

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

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**7. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Storage Tower Note	\$ 60,000	5.35%
Truck Purchase Note	21,527	7.55%
Crown Victoria Capital Lease	<u>13,406</u>	6.18%
Total	<u>\$ 94,933</u>	

The Water Storage Tower Note was issued to construct a water storage tower. The note will be repaid in annual payments of \$20,000, plus interest, beginning February 2002, over five years.

The Truck Purchase Note was issued to purchase a dump truck/plow/spreader. The note will be repaid in annual payments of \$8,030, plus interest, beginning October 2001, over seven years. The Truck Purchase Note is collateralized with the equipment purchased.

The Crown Victoria Capital Lease obligation was issued to purchase a vehicle. The lease will be paid in annual payments of \$7,331, including interest, beginning June 2003, over two years.

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

<u>Water Storage Tower Note</u>	<u>Truck Purchase Note</u>	<u>Crown Victoria Capital Lease</u>
\$ 22,895	\$ 11,029	\$ 7,331
21,802	10,454	7,331
<u>20,648</u>	<u>27,439</u>	<u>0</u>
<u>\$ 65,345</u>	<u>\$ 48,922</u>	<u>\$ 14,662</u>

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**8. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement, healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**9. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2003 and 2002 generally protect against individual losses over \$150,000.

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31 (latest information available):

	<u>2003</u>	<u>2002</u>
Assets	\$ 1,811,340	\$ 1,852,060
Liabilities	<u>3,653,152</u>	<u>3,858,213</u>
Retained (deficit) earnings	\$ <u>(1,841,812)</u>	\$ <u>(2,006,153)</u>

**10. SUBSEQUENT EVENT**

During July 2004, the Village initiated a Mayor's Court.



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

Village of Midvale  
Tuscarawas County  
3111 Barnhill Road  
P.O. Box 227  
Midvale, Ohio 44653

To the Village Council:

We have audited the accompanying financial statements of the Village of Midvale, Tuscarawas County, Ohio (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 22, 2002. 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 its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-002.

**Internal Control Over Financial Reporting**

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 31, 2004.

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

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

*Hausser + Taylor LLC*

August 31, 2004

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

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

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

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

This section also provides for two “exceptions” to the above requirements:

- Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate
- If the amount involved is less than \$1,000, the Village Clerk may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid

During 2003 and 2002, 27 of the 60 expenditures tested were not certified as to the availability of funds with a proper certificate of the fiscal officer. The Village Clerk should certify the availability of funds prior to incurring the obligation for expenditures. In addition, the Village should implement the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

**FINDING NUMBER 2003-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 733.28** states the Village Clerk shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived therefrom, and all taxes and assessments.

During 2003 and 2002, the Village Clerk improperly classified and subsequently recorded certain receipts and expenditures.

The Village Clerk should properly record receipts and expenditures, taxes and assessments, as follows:

- Grants should be directly recorded into the fund in which they apply. This would prevent the overstatement of revenues and expenditures within the General Fund
- Real estate, personal property, and manufacture home tax receipts should be recorded as Property Tax and Other Local Taxes
- Transfers should be recorded as Transfers-In and Transfers-Out within the applicable funds. This would help ensure that Transfers, as presented on the financial statements, balance
- Debt proceeds should be recorded as Proceeds of Notes, including the proceeds of a note rollover
- Trash collection receipts should be directly recorded into the Enterprise Trash Collection Fund. This would prevent the overstatement of receipts and expenditures within the Enterprise Water Operating Fund

This will help ensure receipts and expenditures are properly classified.

**VILLAGE OF MIDVALE  
TUSCARAWA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; <b>Explain:</b>
01-002	<b>Ohio Rev. Code Section 5705.41(D)</b> , failure to certify funds.	No	Not Fully Corrected – Refer to Finding Number 2003-001.
99-3	<b>Ohio Administrative Code Chapter 117-5</b> , providing for the uniform system of accounting.	Yes	Finding No Longer Valid.
01-001	<b>Ohio Rev. Code Section 5705.41(B)</b> , failure to properly appropriate money.	Yes	Finding No Longer Valid.
01-003	<b>Ohio Rev. Code Section 733.28</b> failure to properly record receipts and expenditures	No	Not Fully Corrected – Refer to Finding Number 2003-002.







**Auditor of State  
Betty Montgomery**

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P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF MIDVALE**

**TUSCARAWAS 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  
FEBRUARY 15, 2005**