

VILLAGE OF MIDVALE

TUSCARAWAS COUNTY

JANUARY 1, 2008 TO DECEMBER 31, 2009

AGREED UPON PROCEDURES



Mary Taylor, CPA
Auditor of State

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

We have reviewed the Independent Accountants' Report on Applying Agreed-Upon Procedures Report of the Village of Midvale, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 7, 2010

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Midvale (the Village) and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2009 and 2008, including mayor's court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2009 and December 31, 2008 bank reconciliations. We found no exceptions, although we noted that the bank reconciliations were not done in a timely fashion.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Fund Status Report to the December 31, 2007 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2009 and 2008 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2009 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 bank reconciliation without exception.
5. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.

6. We tested investments held at December 31, 2009 and December 31, 2008 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2009 and one from 2008:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2009 and 2008:
 - a. Two personal property tax receipts
 - b. Two real estate tax receiptsWe noted the Receipts Register Report included the proper number of tax settlement receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2009 and five from 2008.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2009 and five from 2008.
 - a. We compared the payment recorded on the tax return to the amount recorded in the Income Tax Receipts Ledger. The amounts agreed.
 - b. We compared the Income Tax Receipts Ledger total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Water Operating Fund

1. We haphazardly selected 10 Water Operating Fund collection cash receipts from the year ended December 31, 2009 and 10 collection cash receipts from the year ended 2008 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Customer History Report. The amounts agreed.

- b. Amount charged for the related billing period complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period for metered customers (businesses); flat rate for residential customers. We found one exception where the Village was unable to provide consumption amount or how amount charged was calculated for a business.
 - c. Amount charged was posted as a receivable in the Customer History Report for the billing period.
 - d. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.
2. We read the Aging Summary Report.
 - a. We noted this report listed \$66,534.12 and \$60,079.30 of accounts receivable as of December 31, 2009 and 2008, respectively.
 - b. Of the total receivables reported in the preceding step, \$21,060.89 and \$12,961.09 were recorded as more than 90 days delinquent.
3. We read the Adjustment History Report.
 - a. We noted this report listed a total of \$2,944.81 and \$7,158.67 non-cash receipts adjustments for the years ended December 31, 2009 and 2008, respectively.
 - b. We selected five non-cash adjustments from 2009 and five non-cash adjustments from 2008, and attempted to verify that the President of the Board of Public Affairs approved each adjustment. However, the Village was unable to provide any documentation of this occurring.

Debt

1. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. We noted no new debt issuances, nor any debt payment activity during 2009 or 2008.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Employee Detail Adjustment Report and determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

2. We tested the checks we selected in step 1, as follows:
 - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found three exceptions, as the Village was unable to provide timesheets for three hourly employees selected for testing.

- b. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2010	12/15/09	\$641.86	\$641.86
State income taxes	January 15, 2010	12/31/09	271.94	271.94
Village of Midvale income taxes	January 15, 2010	12/31/09	155.27	155.27
OPERS retirement (withholding plus employee share)	January 30, 2010	12/31/09	2,152.78	2,152.78
OP&F retirement (withholding plus employee share)	January 31, 2010	12/31/09	546.58	546.58

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2009 and ten from the year ended 2008 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Mayors Court Transactions

1. We haphazardly selected five cases from a list provided by the Village and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Court blotter
 - c. Case file.

The amounts recorded in the receipts book, blotter and case file agreed, except two instances representing a partial payment of a judgment, which is not an exception. The

Village was unable to provide a court cash book; three selections were not found in the duplicate receipt book (due to fine being mailed in) and one case was not found in the court blotter.

2. The Village was unable to provide a court cash book or the returned cancelled checks, so further testing was not able to be performed.

Compliance – Budgetary

1. We compared the total from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Park and Law Enforcement Trust funds for the years ended December 31, 2009 and 2008. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$239,465.33 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$216,605.00. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$226,749.88 for 2008. However, the final *Amended Official Certificate of Estimated Resources* reflected \$226,509.40. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, SCM&R, and Water funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2009 and 2008 for the following funds: General, Park and Trash Collection. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report, except for the General Fund. The Appropriation Status Report for 2009 shows \$272,204.89 in appropriations for the General Fund. However, the total appropriations for the General Fund were \$254,970.56 for 2009. The Appropriation Status Report for 2008 shows \$299,659.16 in appropriations for the General Fund. However, the total appropriations for the General Fund were \$293,075.00 for 2008.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, SCM&R and Water funds for the years ended December 31, 2009 and 2008. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2009 and 2008 for the General, Park and Trash Collection fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2009 and 2008. We also

inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.

- 7. We scanned the 2009 and 2008 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$0 which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.**
- 8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.**

Compliance – Contracts & Expenditures

- 1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2009 and 2008 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.**

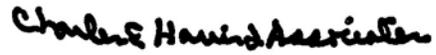
We identified a street paving project and a trash collection contract exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For the street paving project, we were unable to verify that the project was advertised in a local newspaper, and selected the lowest responsible bidder. The Village was unable to provide a bid tabulation sheet, the unsuccessful bid, or the proof of advertising.

- 2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2009 and 2008 to determine if the Village had road construction projects exceeding \$30,000 for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.**

Officials' response: The exceptions noted above were due to the previous administration. New administrators have been hired/elected and have been working diligently to correct the above exceptions. Among other improvements to controls, the Village is reconciling monthly, obtaining approval for utility adjustments, and retaining billing documentation and timesheets.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance and the Auditor of State and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive style.

Charles E. Harris & Associates, Inc.
October 15, 2010

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Mary Taylor, CPA
Auditor of State

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
DECEMBER 21, 2010**