

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**





# 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 *Report of Independent Accountants* of the Village of Midvale, Tuscarawas County, prepared by Hausser & Taylor LLC, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

June 19, 2007

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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, 2005 and 2004. 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 described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or its changes in financial position or cash flows of its proprietary fund for the years then ended.

Also, 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 of Midvale, Tuscarawas County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

*Hausser + Taylor LLC*

Canton, Ohio  
January 29, 2007



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**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, 2005**

	<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	\$ 176,022	\$ 42,917	\$ 218,939
Intergovernmental Receipts	37,813	52,376	90,189
Special Assessments	-	2,056	2,056
Charges for Services	1,321	6,566	7,887
Fines, Licenses, and Permits	1,738	18,737	20,475
Earnings on Investments	2,484	954	3,438
Miscellaneous	7,846	6,690	14,536
	<u>227,224</u>	<u>130,296</u>	<u>357,520</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	94,863	15,580	110,443
Public Health Services	533	-	533
Leisure Time Activities	10,782	6,429	17,211
Basic Utility Services	12,130	-	12,130
Transportation	9,599	110,914	120,513
General Government	109,695	-	109,695
Debt Service:			
Principal Payments	-	15,056	15,056
Interest Payments	-	779	779
	<u>237,602</u>	<u>148,758</u>	<u>386,360</u>
<b>Total Receipts (Under) Disbursements</b>	<u>(10,378)</u>	<u>(18,462)</u>	<u>(28,840)</u>
<b>Other Financing Receipts and (Disbursements)</b>			
Transfers-In	-	1,800	1,800
Transfers-Out	(1,800)	-	(1,800)
	<u>(1,800)</u>	<u>1,800</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(12,178)</u>	<u>(16,662)</u>	<u>(28,840)</u>
<b>Fund Cash Balances, January 1</b>	<u>118,721</u>	<u>59,959</u>	<u>178,680</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 106,543</u>	<u>\$ 43,297</u>	<u>\$ 149,840</u>
<b>Reserves for Encumbrances, December 31</b>	<u>\$ 3,153</u>	<u>\$ 1,649</u>	<u>\$ 4,802</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, 2004**

	<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	\$ 184,419	\$ 49,471	\$ 233,890
Intergovernmental Receipts	21,105	41,535	62,640
Charges for Services	5,553	5,109	10,662
Fines, Licenses, and Permits	1,785	5,822	7,607
Earnings on Investments	1,880	370	2,250
Miscellaneous	3,605	-	3,605
	<u>218,347</u>	<u>102,307</u>	<u>320,654</u>
<b>Total Cash Receipts</b>			
	<u>218,347</u>	<u>102,307</u>	<u>320,654</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	77,836	800	78,636
Public Health Services	2,755	-	2,755
Leisure Time Activities	14,021	-	14,021
Basic Utility Services	15,750	-	15,750
Transportation	4,100	82,042	86,142
General Government	106,943	306	107,249
Capital Outlay	-	-	-
Debt Service:			
Principal Payments	-	19,877	19,877
Interest Payments	-	2,454	2,454
	<u>221,405</u>	<u>105,479</u>	<u>326,884</u>
<b>Total Cash Disbursements</b>			
	<u>221,405</u>	<u>105,479</u>	<u>326,884</u>
<b>Total Receipts (Under) Disbursements</b>	<u>(3,058)</u>	<u>(3,172)</u>	<u>(6,230)</u>
<b>Other Financing Receipts and (Disbursements)</b>			
Transfers-In	-	15,000	15,000
Transfers-Out	(19,000)	-	(19,000)
	<u>(19,000)</u>	<u>15,000</u>	<u>(4,000)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(19,000)</u>	<u>15,000</u>	<u>(4,000)</u>
<b>Deficiency of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements</b>			
	(22,058)	11,828	(10,230)
<b>Fund Cash Balances, January 1</b>	<u>140,779</u>	<u>48,131</u>	<u>188,910</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 118,721</u>	<u>\$ 59,959</u>	<u>\$ 178,680</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 - PROPRIETARY FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	Enterprise	
	2005	2004
<b>Operating Cash Receipts:</b>		
Charges for Services	\$ 200,085	\$ 201,744
 Total Operating Cash Receipts	 200,085	 201,744
<b>Operating Cash Disbursements:</b>		
Personal Services	42,928	46,644
Fringe Benefits	15,844	18,098
Contractual Services	51,358	36,733
Supplies and Materials	86,590	109,974
Capital Outlay	58,622	63,551
 Total Cash Disbursements	 255,342	 275,000
 Operating (Loss)	 (55,257)	 (73,256)
<b>Non-Operating Cash Receipts:</b>		
Special Assesments	213	225,933
Earnings on investments	700	405
 Total Non-Operating Cash Receipts	 913	 226,338
<b>Non-Operating Cash Disbursements:</b>		
Debt Service:		
Principal Payments	20,000	20,000
Interest Payments	2,143	3,207
 Total Non-Operating Cash Disbursements	 22,143	 23,207
Excess of Receipts Over Disbursements Before Interfund Transfers	(76,487)	129,875
 Transfers-In	 -	 4,000
Net Receipts (Under)/Over Disbursements	(76,487)	133,875
Fund Cash Balances, January 1	245,943	111,768
 <b>Fund Cash Balances, December 31</b>	 <b>\$ 169,456</b>	 <b>\$ 245,643</b>
Reserves for Encumbrances, December 31	\$ 3,660	\$ 1,077

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

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**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, 2005 AND 2004  
(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 2005 and 2004 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, 2005 AND 2004  
(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>2005</u>	<u>2004</u>
Demand deposits	\$ 319,297	\$ 424,323

**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, 2005 and 2004 follows:

<u>2005 Budgeted vs. Actual Receipts</u>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 221,718	\$ 227,224	\$ 5,506
Special Revenue	126,609	132,096	5,487
Enterprise	<u>276,513</u>	<u>200,998</u>	<u>(75,515)</u>
Total	<u>\$ 624,840</u>	<u>\$ 560,318</u>	<u>\$ (64,522)</u>

<u>2005 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 288,622	\$ 239,402	\$ 49,220
Special Revenue	163,078	148,758	14,320
Enterprise	<u>428,598</u>	<u>277,485</u>	<u>151,113</u>
Total	<u>\$ 880,298</u>	<u>\$ 665,645</u>	<u>\$ 214,653</u>

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<u>2004 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 199,115	\$ 218,347	\$ 19,232
Special Revenue	111,790	117,307	5,517
Enterprise	<u>488,696</u>	<u>432,082</u>	<u>(56,614)</u>
Total	<u>\$ 799,601</u>	<u>\$ 767,736</u>	<u>\$ (31,865)</u>

<u>2004 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 276,741	\$ 240,405	\$ 36,336
Special Revenue	108,542	105,479	3,063
Enterprise	<u>507,630</u>	<u>298,207</u>	<u>209,423</u>
Total	<u>\$ 892,913</u>	<u>\$ 644,091</u>	<u>\$ 248,822</u>

**4. LEGAL COMPLIANCE**

Pursuant to Section 117.11(A) of the Revised Code, we performed tests of compliance with provisions of local, state and/or federal laws, as applicable. The auditor's report on the Village's compliance with the Ohio Revised Code and internal control structure comments are included in a separate part of this presentation.

**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, 2005 AND 2004  
(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, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Storage Tower Note	\$ <u>20,000</u>	5.35%
Total	\$ <u>20,000</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 final \$20,000 payment, plus \$648 interest, is due in 2006.

**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 Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of firefighter participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2005 and 2004. The Village has paid all contributions required through December 31, 2005.

VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)

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, 2005 and 2004 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>2005</u>	<u>2004</u>
Assets	\$ 2,241,661	\$ 2,309,178
Liabilities	<u>3,457,720</u>	<u>3,343,299</u>
Retained (deficit) earnings	\$ <u>(1,216,059)</u>	\$ <u>(1,034,121)</u>



**INDEPENDENT ACCOUNTANTS' 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  
P.O. Box 227  
Midvale, Ohio 44653

To the Village Council:

We have audited the financial statements of the Village of Midvale, Tuscarawas County, Ohio (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated January 29, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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.

**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 an instance of noncompliance which is required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as item 2005-001.

Village of Midvale  
Tuscarawas County  
Independent Accountants Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters 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*

Canton, Ohio  
January 29, 2007

**VILLAGE OF MIDVALE  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

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

**FINDING NUMBER 2005-001**

**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 2005 and 2004, 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, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain:
01-002	Ohio Rev. Code Section 5705.41(D), failure to certify funds.	Fully corrected	
01-003	Ohio Rev. Code Section 733.28 failure to properly record receipts and expenditures	No	Not Fully Corrected – Refer to Finding Number 2005-001.



**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  
JULY 3, 2007**