

***VILLAGE OF MIDVALE
TUSCARAWAS COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



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 Charles E. Harris & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 2, 2008

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VILLAGE OF MIDVALE
TUSCARAWAS COUNTY
For the Years Ending December 31, 2007 and 2006

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

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Midvale
Tuscarawas County
3111 Barnhill Rd
PO Box 227
Midvale, Ohio 44653

To the Village Council:

We have audited the accompanying financial statements of the Village of Midvale, Tuscarawas County, Ohio as and for the years ended December 31, 2007 and 2006. 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 audit.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 audit provides 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, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. 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 the 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 pursuant 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, 2007 and 2006, 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, 2007 and 2006, or its changes in financial position or cash flows 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, 2007 and 2006, 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, 2007 and 2006. 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 August 22, 2008, 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 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.

Charles E. Harris & Associates, Inc.
August 22, 2008

VILLAGE OF MIDVALE
TUSCARAWAS COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property and Other Local Taxes	\$ 22,208	\$ 45,396	\$ 67,604
Municipal Income Tax	153,661	-	153,661
Intergovernmental	21,278	64,713	85,991
Charges for Services	1,490	6,437	7,927
Fines, Licenses and Permits	1,257	6,926	8,183
Earnings on Investments	1,542	581	2,123
Miscellaneous	11,188	2,698	13,886
Total Receipts	<u>212,624</u>	<u>126,751</u>	<u>339,375</u>
Disbursements:			
General Government	102,012	-	102,012
Security of Persons & Property	98,424	8,392	106,816
Public Health Services	847	-	847
Leisure Time Activities	12,178	4,181	16,359
Basic Utility Services	14,804	5,193	19,997
Transportation	21,233	83,733	104,966
Capital Outlay	-	400	400
Total Disbursements	<u>249,498</u>	<u>101,899</u>	<u>351,397</u>
Total Receipts Over(Under) Disbursements	(36,874)	24,852	(12,022)
Other Financing Sources/(Uses):			
Advances-In	-	400	400
Advances-Out	(1,330)	-	(1,330)
Other Financing Sources	9,913	-	9,913
Other Financing Uses	(3,877)	(112)	(3,989)
Total Other Financing Sources/(Uses)	<u>4,706</u>	<u>288</u>	<u>4,994</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(32,168)	25,140	(7,028)
Fund Balance, January 1	<u>113,321</u>	<u>73,346</u>	<u>186,667</u>
Fund Balance, December 31	<u>\$ 81,153</u>	<u>\$ 98,486</u>	<u>\$ 179,639</u>
Reserved for Encumbrances, December 31	<u>\$ 465</u>	<u>\$ 408</u>	<u>\$ 873</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF MIDVALE
TUSCARAWAS COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property and Other Local Taxes	\$ 20,028	\$ 49,952	\$ 69,980
Municipal Income Tax	159,398	-	159,398
Intergovernmental	45,631	71,476	117,107
Special Assessments	-	1,897	1,897
Charges for Services	1,009	6,032	7,041
Fines, Licenses and Permits	764	8,089	8,853
Earnings on Investments	3,782	256	4,038
Miscellaneous	5,513	5,529	11,042
Total Receipts	<u>236,125</u>	<u>143,231</u>	<u>379,356</u>
Disbursements:			
General Government	85,313	-	85,313
Security of Persons & Property	107,747	12,118	119,865
Public Health Services	600	-	600
Leisure Time Activities	5,591	25,393	30,984
Basic Utility Services	13,679	6,108	19,787
Transportation	5,277	63,170	68,447
Capital Outlay	-	1,600	1,600
Total Disbursements	<u>218,207</u>	<u>108,389</u>	<u>326,596</u>
Total Receipts Over(Under) Disbursements	17,918	34,842	52,760
Other Financing Sources/(Uses):			
Advances-In	4,443	3,600	8,043
Advances-Out	(6,043)	(2,000)	(8,043)
Other Financing Uses	(9,540)	(6,393)	(15,933)
Total Other Financing Sources/(Uses)	<u>(11,140)</u>	<u>(4,793)</u>	<u>(15,933)</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	6,778	30,049	36,827
Fund Balance, January 1	<u>106,543</u>	<u>43,297</u>	<u>149,840</u>
Fund Balance, December 31	<u>\$ 113,321</u>	<u>\$ 73,346</u>	<u>\$ 186,667</u>
Reserved for Encumbrances, December 31	<u>\$ 1,397</u>	<u>\$ 285</u>	<u>\$ 1,682</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF MIDVALE
TUSCARAWAS COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Enterprise	
	<u>2007</u>	<u>2006</u>
Operating Receipts:		
Charges for Services	<u>\$ 197,539</u>	<u>\$ 187,656</u>
Total Operating Receipts	197,539	187,656
Operating Disbursements:		
Personal Services	42,913	43,273
Employee Fringe Benefits	19,984	19,111
Contractual Services	82,989	52,152
Materials and Supplies	<u>28,908</u>	<u>33,777</u>
Total Operating Disbursements	<u>174,794</u>	<u>148,313</u>
Operating Income (Loss)	22,745	39,343
Non-Operating Receipts(Disbursements)		
Special Assessments	701	1,252
Miscellaneous	643	1,994
Capital Outlay	(9,300)	(57,483)
Debt Service:		
Principal	-	(20,000)
Interest	<u>-</u>	<u>(1,076)</u>
Total Non-Operating Receipts(Disbursements)	<u>(7,956)</u>	<u>(75,313)</u>
Excess of Receipts Over/(Under) Disbursements Before Advances	14,789	(35,970)
Advances-In	930	2,443
Advances-Out	<u>-</u>	<u>(2,443)</u>
Net Excess of Receipts Over/(Under) Disbursements	15,719	(35,970)
Fund Balance, January 1	<u>133,486</u>	<u>169,456</u>
Fund Balance, December 31	<u>\$ 149,205</u>	<u>\$ 133,486</u>
Reserved for Encumbrances, December 31	<u>\$ 231</u>	<u>\$ 736</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Midvale, (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, street maintenance services, park operations (leisure time activities), and police services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis 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

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. FUND ACCOUNTING - (Continued)

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. Significant special revenue funds follow:

- 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.

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

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS - (Continued)

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the County Budget Commission and sent to the Village Clerk by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the County Budget Commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue. The amounts reported in the budgetary footnote reflect the amounts in the final amended certificates issued during 2006 and 2007.

Budget receipts, as shown in footnote number 4, do not include the unencumbered fund balances as of January 1, 2006 and 2007. However, those fund balances are available for appropriation.

2. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS – (Continued)

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year end are carried forward to the subsequent year and need not be reappropriated.

A summary of budgetary activity appears in Note 4.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

In certain circumstances, such as upon termination of 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 AND CASH EQUIVALENTS

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

	2007	2006
Demand deposits	\$ 328,844	\$ 320,153

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

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2006.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

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

The County Treasurer collects property tax on behalf of all taxing Villages within the county. The County Auditor periodically remits to the taxing Village their portions of the taxes collected.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2007 follows:

<u>2007 Budgeted vs Actual Receipts</u>				
Fund	Budgeted Reciepts	Actual Receipts		Variance
General Fund	\$ 200,580	\$ 222,537		\$ 21,957
Special Revenue Funds	118,896	127,151		8,255
Enterprise Funds	196,130	199,813		3,683
<u>2007 Budgeted vs Actual Budgetary Basis Disbursements</u>				
Fund	Appropriation Authority	Budgetary Disbursements		Variance
General Fund	\$ 297,653	\$ 255,170		\$ 42,483
Special Revenue Funds	111,122	102,419		8,703
Enterprise Funds	245,918	184,325		61,593

Budgetary activity for the year ended December 31, 2006 follows:

<u>2006 Budgeted vs Actual Receipts</u>				
Fund	Budgeted Reciepts	Actual Receipts		Variance
General Fund	\$ 225,933	\$ 240,568		\$ 14,635
Special Revenue Funds	129,035	146,831		17,796
Enterprise Funds	194,000	193,345		(655)
<u>2006 Budgeted vs Actual Budgetary Basis Disbursements</u>				
Fund	Appropriation Authority	Budgetary Disbursements		Variance
General Fund	\$ 269,059	\$ 235,187		\$ 33,872
Special Revenue Funds	142,023	117,067		24,956
Enterprise Funds	280,603	230,051		50,552

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

5. RETIREMENT SYSTEM

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. In 2006, OPERS participants contributed 9.0% of their wages. The Village contributed an amount equal to 13.70% of their wages. In 2007, OPERS participants contributed 9.5% of their wages. The Village contributed an amount equal to 13.85% of their wages. The Village has paid all contributions required through December 31, 2007.

6. DEBT

The Water Storage Tower Note was issued to construct a water storage tower. The final \$20,000 payment was paid in 2006.

7. RISK MANAGEMENT

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. The Pool is a separate legal entity per section 2744.081 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2006 and 2005 (latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$ 2,331,284	\$ 2,241,661
Liabilities	(3,130,475)	(3,457,720)
Retained Earnings	<u>\$ (799,191)</u>	<u>\$ (1,216,059)</u>

8. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINACIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Midvale
Tuscarawas County
3111 Barnhill Rd
PO Box 227
Midvale, Ohio 44653

To the Village Council:

We have audited the financial statements of the Village of Midvale, Tuscarawas County, Ohio (Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 22, 2008, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices prescribed or permitted by the Auditor of State of Ohio such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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, grant agreements and other matters, 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Charles E. Harris and Associates, Inc.

August 22, 2008

VILLAGE OF MIDVALE
TUSCARAWAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2005-001	Ohio Rev. Code Section 733.28 - failure to properly record receipts and expenditures	Yes	Corrective Action Taken.



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
OCTOBER 14, 2008**