

VILLAGE OF MIDVALE
AUDIT REPORT
JANUARY 1, 2014 - DECEMBER 31, 2015

Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701



Dave Yost • Auditor of State

Village Council
Village of Midvale
49 ½ East Main Street
Midvale, Ohio 43011

We have reviewed the *Independent Auditors' Report* of the Village of Midvale, Tuscarawas County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2015. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 25, 2016

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**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY
JANUARY 1, 2014 - DECEMBER 31, 2015**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Midvale
Tuscarawas County
49 ½ East Main Street
Midvale, Ohio 43011

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Midvale, Tuscarawas County, as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Midvale as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Midvale, Tuscarawas County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 19, 2016, on our consideration of the Village of Midvale'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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 19, 2016

**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, 2015**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Taxes	\$ 11,899	\$ 36,503	\$ -	\$ 48,402
Municipal Income Tax	206,882	-	-	206,882
Intergovernmental	103,313	66,907	13,957	184,177
Charges for Services	17,151	5,472	-	22,623
Fines, Licenses, Permits	19,851	-	-	19,851
Earnings on Investments	8	-	-	8
Miscellaneous	29,364	12,860	18,580	60,804
Total Cash Receipts	<u>388,468</u>	<u>121,742</u>	<u>32,537</u>	<u>542,747</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	245,167	-	-	245,167
Leisure Time Activities	-	12,778	-	12,778
Basic Utility Services	2,881	18,003	-	20,884
Transportation	-	165,045	-	165,045
General Government	179,396	-	-	179,396
Capital Outlay	-	-	18,609	18,609
Debt Service:				
Principal Retirement	2,530	-	-	2,530
Total Cash Disbursements	<u>429,974</u>	<u>195,826</u>	<u>18,609</u>	<u>644,409</u>
Excess of Receipts Over/(Under) Disbursements	(41,506)	(74,084)	13,928	(101,662)
Other Cash Financing Sources (Uses)				
Transfers In	-	19,800	19,357	39,157
Transfers Out	(39,157)	-	-	(39,157)
Total Other Cash Financing Sources (Uses)	<u>(39,157)</u>	<u>19,800</u>	<u>19,357</u>	<u>-</u>
Net Change in Fund Cash Balance	(80,663)	(54,284)	33,285	(101,662)
Fund Cash Balances, January 1	<u>140,811</u>	<u>132,749</u>	<u>-</u>	<u>273,560</u>
Fund Cash Balances, December 31				
Restricted	-	68,370	-	68,370
Committed	-	10,095	33,285	43,380
Unassigned (Deficit)	60,148	-	-	60,148
Fund Cash Balances, December 31	<u>\$ 60,148</u>	<u>\$ 78,465</u>	<u>\$ 33,285</u>	<u>\$ 171,898</u>

See notes to 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, 2014**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Taxes	\$ 12,777	\$ 39,525	\$ -	\$ 52,302
Municipal Income Tax	199,660	-	-	199,660
Intergovernmental	26,772	69,737	-	96,509
Charges for Services	9,180	4,390	-	13,570
Fines, Licenses, Permits	19,407	-	-	19,407
Earnings on Investments	27	-	-	27
Miscellaneous	25,517	8,148	-	33,665
Total Cash Receipts	<u>293,340</u>	<u>121,800</u>	<u>-</u>	<u>415,140</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	146,021	-	-	146,021
Public Health Services	-	12,253	-	12,253
Leisure Time Activities	996	-	-	996
Basic Utility Services	2,791	21,366	-	24,157
Transportation	-	92,207	-	92,207
General Government	140,312	-	-	140,312
Capital Outlay	-	-	7,579	7,579
Total Cash Disbursements	<u>290,120</u>	<u>125,826</u>	<u>7,579</u>	<u>423,525</u>
Excess of Receipts Over/(Under) Disbursements	3,220	(4,026)	(7,579)	(8,385)
Other Cash Financing Sources (Uses)				
Transfers In	-	19,000	-	19,000
Transfers Out	(19,000)	-	-	(19,000)
Total Other Cash Financing Sources (Uses)	<u>(19,000)</u>	<u>19,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balance	(15,780)	14,974	(7,579)	(8,385)
Fund Cash Balances, January 1	<u>156,591</u>	<u>117,775</u>	<u>7,579</u>	<u>281,945</u>
Fund Cash Balances, December 31				
Restricted	-	129,751	-	129,751
Committed	-	2,998	-	2,998
Assigned	132,535	-	-	132,535
Unassigned (Deficit)	8,276	-	-	8,276
Fund Cash Balances, December 31	<u>\$ 140,811</u>	<u>\$ 132,749</u>	<u>\$ -</u>	<u>\$ 273,560</u>

See notes to financial statements.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Enterprise Fund	
	2015	2014
Operating Cash Receipts:		
Charges for Services	\$ 257,630	\$ 266,389
Total Operating Cash Receipts:	257,630	266,389
 Operating Cash Disbursements:		
Personal Services	34,460	37,964
Fringe Benefits	23,193	16,437
Contractual Services	83,386	100,832
Supplies and Materials	68,026	62,185
Other	4,226	3,825
Total Operating Cash Disbursements	213,291	221,243
 Operating Income	44,339	45,146
 Non-Operating Receipts/(Disbursements)		
Earnings on Investments	17	20
Miscellaneous	1,896	5,063
Principal Retirement	(14,580)	(14,363)
Interest and Other Fiscal Charges	(6,683)	(6,899)
Total Non-Operating Receipts/(Disbursements)	(19,350)	(16,179)
 Net Change in Cash Fund Balance	24,989	28,967
 Fund Cash Balances, January 1	219,367	190,400
 Fund Cash Balances, December 31	\$ 244,356	\$ 219,367

See notes to financial statements.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Midvale, Tuscarawas County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member council directs the Village. The Village provides water utilities, park operations, street maintenance, fire protection and police services.

The Village participates in one jointly governed organization, the Tuscarawas County Tax Incentive Review Council. Note 9 has more detail.

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

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

C. Deposits and Investments

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

D. Fund Accounting

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

Governmental Funds

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than form trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Funds.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village roads.

Capital Projects Funds

This fund accounts for an report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Fund:

Other Capital Projects Fund – This fund receives monies to be used for construction of park improvements.

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 had the following significant Enterprise Funds:

Water 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 the Village budget annually.

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically a committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments 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:

	2015	2014
Demand Deposits	\$ 416,254	\$ 492,927
Total Deposits	\$ 416,254	\$ 492,927

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2015 and 2014 is as follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 354,921	\$ 388,468	\$ 33,547
Special Revenue	128,790	141,542	12,752
Capital Projects	98,257	52,074	(46,183)
Enterprise	256,798	259,543	2,745
Total	\$ 838,766	\$ 841,627	\$ 2,861

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 486,556	\$ 469,131	\$ 16,425
Special Revenue	218,740	195,826	22,914
Capital Projects	95,985	18,609	77,376
Enterprise	282,734	234,554	48,180
Total	\$ 1,084,015	\$ 918,120	\$ 164,895

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 254,971	293,340	\$ 38,369
Special Revenue	127,025	140,800	13,775
Enterprise	258,249	271,472	13,223
Total	\$ 640,245	\$ 705,612	\$ 65,367

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 365,621	\$ 309,120	\$ 56,501
Special Revenue	137,850	125,826	12,024
Capital Projects	7,579	7,579	-
Enterprise	263,231	242,505	20,726
Total	\$ 774,281	\$ 5,598,061	\$ 89,251

Contrary to ORC 5705.41(D), the Village had purchases made prior to commitment of funds.

4. PROPERTY TAX

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

5. LOCAL INCOME TAX

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

Employers within the Village withhold income tax on employees 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.

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	2015 Principal	%
Ohio Water Development Authority Loan #5656	\$ 434,500	1.5
Fire Marshall Revolving Loan	73,375	0.0
Total	\$ 8,335,091	

The Ohio Water Development Authority (OWDA) loan relates to the purchase of the Village of Roswell's water system. The OWDA issued a loan for \$512,147 to the Village for this purchase. The Village will repay the loan in semi-annual installments. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be repaid from the water fund.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

6. DEBT (Continued)

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

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

Year Ending December 31	OWDA 5656	Fire Marshall
2016	\$ 21,263	\$ 5,060
2017	21,263	5,060
2018	21,263	5,060
2019	21,263	5,060
2020	21,263	5,060
2021-2025	106,315	25,300
2026-2030	106,315	22,775
2031-2035	106,315	-
2036-2040	106,315	-
2041-2045	-	-
	<u>\$ 531,575</u>	<u>\$ 73,375</u>

7. RETIREMENT SYSTEMS

The Villages law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans benefits which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OP&F participants contributed 10.75% from January 1, 2014 to June 30, 2014, they contributed 11.50% from July 1, 2014 through June 30, 2015 and contributed 12.25% from July 1, 2015 through December 31, 2015. For 2015 and 2014, the Village contributed to OP&F and amount equal to 19.50% of full-time law enforcement wages. For 2015 and 2014, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

9. JOINTLY GOVERNED ORGANIZATION

Tuscarawas County Tax Incentive Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to Section 5705.62 of the Ohio Revised Code. TCTIRC has 44 members, consisting of 3 members appointed by the County Commissioners, 18 members appointed by municipal corporations, 14 members appointed by township trustees, 1 member from the county auditor's office and 8 members appointed by boards of education located within the county. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this TCTIRC. The continued existence of the TCTIRC is not dependent on the Village's continued participation and no measurable equity interest exists.

During 2015 and 2014, no monies were paid to the TCTIRC from the Village.

The Village does not retain an ongoing financial interest or an ongoing financial responsibility with the TCTIRC.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

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

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Midvale, Tuscarawas County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 19, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of Midvale's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Midvale's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Entity's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 19, 2016

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001 (Continued)

The Village did not certify the availability of funds prior to the purchase commitment for 27% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We have no response from the client.

**VILLAGE OF MIDVALE
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-001	Material Weakness Financial Reporting	Yes	Finding No Longer Valid
2013-002	Material Weakness Revenue documentation	Yes	Finding No Longer Valid
2013-003	Significant Deficiency Utility Billing	Yes	Finding No Longer Valid
2013-004	ORC 5705.10 (C) Money derived from special levy shall be credited to proper fund	Yes	Finding No Longer Valid
2013-005	ORC 5705 41 (D) Prior certification	No	Not Corrected; Reported as Finding 2015-001

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Dave Yost • 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
SEPTEMBER 6, 2016