

**VILLAGE OF MALTA  
MORGAN COUNTY  
Regular Audit  
December 31, 2008 and 2007**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Mary Taylor, CPA

Auditor of State

Members of Council  
Village of Malta  
P.O. Box 307  
Malta, Ohio 43758

We have reviewed the *Independent Accountants' Report* of the Village of Malta, Morgan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. 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 *Independent Accountants' Report* 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 *Independent Accountants' Report* 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 Malta is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 19, 2009

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VILLAGE OF MALTA  
MORGAN COUNTY

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***Perry & Associates***  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT**

October 21, 2009

Village of Malta  
Morgan County  
449 Main Street  
Malta, Ohio 43758

To the Village Council:

We have audited the accompanying financial statements of the **Village of Malta, Morgan County, Ohio**, (the Village) as of and for the years ended December 31, 2008 and 2007. 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 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2008 and 2007 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, 2008 and 2007 or their 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 of the Village of Malta, Morgan County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 October 21, 2009, 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.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.



**VILLAGE OF MALTA  
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 11,107	\$ 17,122	\$ 28,229
Municipal Income Tax	103,840	-	103,840
Intergovernmental	59,992	25,719	85,711
Fines, Licenses, and Permits	7,647	511	8,158
Earnings on Investments	2,461	980	3,441
Miscellaneous	7,429	5,010	12,439
	<u>192,476</u>	<u>49,342</u>	<u>241,818</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	235	2,409	2,644
Public Health Service	3,435	-	3,435
Transportation	-	51,276	51,276
General Government	149,199	2,781	151,980
Debt Service:			
Principal Payment	4,380	-	4,380
Interest and Fiscal Charges	123	-	123
	<u>157,372</u>	<u>56,466</u>	<u>213,838</u>
<b>Total Cash Disbursements</b>			
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>35,104</u>	<u>(7,124)</u>	<u>27,980</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-Out	(5,000)	-	(5,000)
Other Financing Sources	2,400	-	2,400
Other Financing Uses	(143)	-	(143)
	<u>(2,743)</u>	<u>-</u>	<u>(2,743)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>32,361</u>	<u>(7,124)</u>	<u>25,237</u>
<b>Fund Cash Balances, January 1</b>	<u>44,742</u>	<u>39,716</u>	<u>84,458</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 77,103</b></u>	<u><b>\$ 32,592</b></u>	<u><b>\$ 109,695</b></u>

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

**VILLAGE OF MALTA  
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 452,629	\$ -	\$ 452,629
Total Operating Cash Receipts	<u>452,629</u>	<u>-</u>	<u>452,629</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	119,543	-	119,543
Contractual Services	186,197	-	186,197
Material and Supplies	104,476	-	104,476
Total Operating Cash Disbursements	<u>410,216</u>	<u>-</u>	<u>410,216</u>
Operating Income (Loss)	<u>42,413</u>	<u>-</u>	<u>42,413</u>
<b>Non-Operating Receipts/(Disbursements)</b>			
Note Proceeds	52,257	-	52,257
Miscellaneous Receipts	55,435	-	55,435
Other Non-Operating Receipts	-	10,310	10,310
Debt Service:			
Redemption of Principal	(62,382)	-	(62,382)
Interest and Other Financing Charges	(15,219)	-	(15,219)
Other Non-Operating Disbursements	-	(10,310)	(10,310)
Transfers-In	5,000	-	5,000
Total Other Financing Receipts/(Disbursements)	<u>35,091</u>	<u>-</u>	<u>35,091</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	77,504	-	77,504
Fund Cash Balances, January 1	<u>129,703</u>	<u>-</u>	<u>129,703</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 207,207</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 207,207</b></u>

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

**VILLAGE OF MALTA  
MORGAN 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 9,842	\$ 17,860	\$ 27,702
Municipal Income Tax	83,476	-	83,476
Intergovernmental	58,708	27,900	86,608
Fines, Licenses, and Permits	18,052	-	18,052
Earnings on Investments	746	429	1,175
Miscellaneous	2,930	1,014	3,944
	<u>173,754</u>	<u>47,203</u>	<u>220,957</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	235	2,187	2,422
Public Health Service	3,534	-	3,534
Leisure Time Activities	5,125	-	5,125
Basic Utility Services	2,398	-	2,398
Transportation	-	47,206	47,206
General Government	131,388	920	132,308
Conservation - Recreation	1,126	-	1,126
Miscellaneous	8,461	-	8,461
Debt Service:			
Redemption of Principal	4,368	850	5,218
Interest and Fiscal Charges	204	92	296
	<u>156,839</u>	<u>51,255</u>	<u>208,094</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Disbursements	<u>16,915</u>	<u>(4,052)</u>	<u>12,863</u>
Fund Cash Balances, January 1	<u>27,827</u>	<u>43,768</u>	<u>71,595</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 44,742</u></u>	<u><u>\$ 39,716</u></u>	<u><u>\$ 84,458</u></u>

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

**VILLAGE OF MALTA  
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	353,104	-	353,104
Fines and Forfeitures	5,330	-	5,330
Total Operating Cash Receipts	<u>358,434</u>	<u>-</u>	<u>358,434</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	69,708	-	69,708
Transportation	23,532	-	23,532
Contractual Services	116,911	-	116,911
Material and Supplies	51,245	-	51,245
Capital Outlay	59,815	-	59,815
Total Operating Cash Disbursements	<u>321,211</u>	<u>-</u>	<u>321,211</u>
Operating Income (Loss)	<u>37,223</u>	<u>-</u>	<u>37,223</u>
<b>Non-Operating Receipts/(Disbursements)</b>			
Miscellaneous Receipts	13,648	-	13,648
Other Non-Operating Receipts	-	22,989	22,989
Debt Service:			
Redemption of Principal	(32,423)	-	(32,423)
Interest and Other Financing Charges	(15,706)	-	(15,706)
Other Non-Operating Disbursements	-	(22,989)	(22,989)
Total Other Financing Receipts/(Disbursements)	<u>(34,481)</u>	<u>-</u>	<u>(34,481)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	2,742	-	2,742
Fund Cash Balances, January 1	<u>126,961</u>	<u>-</u>	<u>126,961</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 129,703</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 129,703</u></b>

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

**VILLAGE OF MALTA  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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 Malta, Morgan County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

The Village has financial relationships with the Malta Union Cemetery and a special arrangement with the Village of McConnelsville for joint ownership and operation of a swimming pool. Additional information concerning these relationships is presented in Note 9. 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 the Auditor of State prescribes or permits. 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 the Auditor of State prescribes.

**C. Cash**

All cash is maintained in a pooled checking account.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash that are 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 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.

Fire Protection Fund – This fund receives local tax dollars from a special levy for offsetting fire protection costs within the Village.

**VILLAGE OF MALTA  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Enterprise Funds**

These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. The Village had the following significant enterprise funds.

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

Sewer Fund – This fund receives dollars generated from charges for services from residents to cover the cost of providing this utility.

**4. Fiduciary Funds**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund.

Mayor's Court Fund – This fund receives and accounts for the activity of the Mayor's Court.

**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, and object level of control and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

**2. Estimated Resources**

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

**VILLAGE OF MALTA  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**E. Budgetary Process (Continued)**

**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.

A summary of 2008 and 2007 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**2. EQUITY IN POOLED CASH**

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

	2008	2007
	<hr/>	<hr/>
Demand Deposits	<u>\$ 316,902</u>	<u>\$ 214,161</u>

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

**VILLAGE OF MALTA  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

**2008 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 164,995	\$ 194,876	\$ 29,881
Special Revenue	48,400	49,342	942
Enterprise	536,350	565,321	28,971
Total	<u>\$ 749,745</u>	<u>\$ 809,539</u>	<u>\$ 59,794</u>

**2008 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 209,737	\$ 162,515	\$ 47,222
Special Revenue	88,116	56,466	31,650
Enterprise	645,953	487,817	158,136
Total	<u>\$ 943,806</u>	<u>\$ 706,798</u>	<u>\$ 237,008</u>

**2007 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 163,811	\$ 173,754	\$ 9,943
Special Revenue	41,977	47,203	5,226
Enterprise	599,507	372,082	(227,425)
Total	<u>\$ 805,295</u>	<u>\$ 593,039</u>	<u>\$ (212,256)</u>

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 191,130	\$ 156,839	\$ 34,291
Special Revenue	83,395	51,255	32,140
Enterprise	635,021	369,340	265,681
Total	<u>\$ 909,546</u>	<u>\$ 577,434</u>	<u>\$ 332,112</u>



**VILLAGE OF MALTA  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. DEBT**

Debt outstanding at December 31, 2008 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
4116 OWDA – Flood Protect. Of WTP & Wellfield	89,808	4.48%
1712 OWDA – Sewer Loan	21,808	7.96%
3212 OWDA – WTP Improve./Elev. Storage Tank	421,883	2.00%
4811 OWDA – CSO Design, Phase 1	52,257	0.00%
Total	\$ 585,756	

The Ohio Water Development Authority (OWDA) High Street Waterline Replacement Design entered into in 2004 (loan number 4128) relates to the design and planning of the replacement of the waterline within the village. Capitalized interest of \$1,428 for 2007 and \$277 for 2008 was not reflected as loan proceeds. The loan was paid off in 2008.

The OWDA Flood Protection of WTP & Wellfield entered into in 2004 (loan number 4116) relates to the construction of an earthen berm around the wellfield and water treatment plant. The loan will be repaid in semiannual installments of \$3,158 over 30 years.

The OWDA sewer loan (loan number 1712) relates to modifications to existing combined sewer overflows and modifications to the existing sewage pumping station entered into in 1990. The loan will be repaid in semiannual installments of \$5,839 over 20 years.

The OWDA water loan (loan number 3212) was used for improvements to the Village water treatment plant. The OWDA approved a loan application in 1999 to the Village of Malta for \$768,400 at 2% interest for twenty-five years with semiannual payments of \$14,698.

The OWDA sewer loan (loan number 4811) relates to the design of Phase 1 of the Village of Malta's Long Term control plan entered into in 2008. The loan will be repaid in semiannual installments beginning January 2010 of \$5,226 over 5 years.

The Village of Malta purchased a truck (loan number 1) in August 2006. The Village borrowed \$5,625 from North Valley Bank for the purchase. The loan has an interest rate of 7.00% for 24 months. The loan will be repaid in quarterly installments of \$761. The prior audit balance was decreased \$293 to reflect the accurate balance. The loan was paid off in May 2008.

The Village of Malta purchased a 1997 truck Chevy C-1500 Fleetside Truck (loan number 2) in April 2006. The Village borrowed \$3,560 from North Valley Bank for the purchase. The loan has an interest rate of 7.00% for 24 months. The loan will be repaid in quarterly installments of \$481. The prior audit balance was increased \$173 to reflect the accurate balance. The loan was paid off in April 2008.

The Village of Malta purchased a 2003 Chevrolet S-10 Truck (loan number 3) in April 2006. The Village borrowed \$4,755 from North Valley Bank for the purchase. The loan has an interest rate of 7.00% for 24 months. The loan will be repaid in quarterly installments of \$643. The prior audit balance was decreased \$184 to reflect the accurate balance. The loan was paid off in April 2008.

**VILLAGE OF MALTA  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. DEBT (Continued)**

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

Ohio Water Development Authority Loans					
December 31:	4116	1712	3212	4811	Total
2009	\$ 6,316	\$ 5,839	\$ 29,396	\$ -	\$ 70,947
2010	6,316	5,839	29,396	10,451	81,398
2011	6,316	5,839	29,396	10,451	81,398
2012	6,316	5,839	29,396	10,451	81,398
2013	6,316	733	29,396	10,452	193,877
2014-2018	31,580	-	146,980	10,452	335,992
2019-2023	31,580	-	146,980	-	237,368
2024-2028	31,580	-	58,808	-	90,388
2029-2031	15,784	-	-	-	515,532
Total	<u>\$ 142,104</u>	<u>\$ 24,089</u>	<u>\$ 499,748</u>	<u>\$ 52,257</u>	<u>\$ 718,198</u>

**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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

**6. INCOME TAX**

The Village of Malta has levied a tax of one percent applied to gross salaries, wages, and other personal service compensation earned by residents both in and out of Malta and to earnings of non-residents (except certain transients) earned in the municipality. It also applies to net income to business organizations conducted with Malta. Tax receipts are credited to the general fund of the Village. Municipal tax receipts for the two years ended December 31, 2008 and 2007 were \$103,840 and \$83,476.

**VILLAGE OF MALTA  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides 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 2008 and 2007, members of PERS contributed 10.0% and 9.5%, respectively, of their gross salaries. The Village contributed an amount equal to 14.00% of participants' gross salaries in 2008 and 13.85% in 2007. The Village has paid all contributions required through December 31, 2008.

**8. RISK MANAGEMENT**

**Risk Pool Management**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007, the latest information available:

(Dollars in thousands)	<b>2008</b>	<b>2007</b>
Assets	\$ 10,471	\$ 11,136
Liabilities	<u>(5,287)</u>	<u>(4,273)</u>
Members' Equity	<u>\$ 5,184</u>	<u>\$ 6,863</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org)

**VILLAGE OF MALTA  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**9. JOINT VENTURES**

The Village of McConnelsville and Village of Malta have established a Recreation Committee under the provisions of Ohio Revised Code Section 755.16 to construct, operate, and maintain a swimming pool to provide organized recreational programs for the citizens of both Villages. The Committee consists of three Council Members from each Village appointed by the respective Village Councils and the Mayor of the Villages in alternating two-year terms. Receipts and disbursements are budgeted and accounted for by the Villages in alternative two-year terms. Each Village shares equally in any operation disbursements in excess of collection of user fees. The Committee can be dissolved only by mutual consent of both Village Councils. If the Committee would be dissolved, original start up assets revert to the contributing village or if acquired jointly, would be split equally. The activity for 2007 was accounted for and reported by the Village of McConnelsville as part of their enterprise funds. The activity for 2008 is reported here as part of the enterprise funds discussed above and is summarized below:

Operating Receipts	\$ 30,717
Operating Expenditures	(47,450)
Non-operating Receipts (subsidies)	<u>19,497</u>
Net Increase in Fund Balance	<u><u>\$ 2,764</u></u>

***Perry & Associates***  
Certified Public Accountants, A.C.

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

October 21, 2009

Village of Malta  
Morgan County  
449 Main Street  
Malta, Ohio 43758

To the Village Council:

We have audited the financial statements of the **Village of Malta, Morgan County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 21, 2009, 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control 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 audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 and 2008-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the following significant deficiencies described above are also material weaknesses: 2008-001 and 2008-002.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village'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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standard*, which is described in the accompanying schedule of findings as item 2008-001.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Audit Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF MALTA  
MORGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Noncompliance Citation / Significant Deficiency / Material Weakness**

**Ohio Rev. Code Section 117.38** states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village did not complete an Annual Financial Report for 2007 from its manual accounting system nor file said report with the Auditor of State's office.

We recommend the Annual Financial Report be compiled from the Village's accounting system and reconciled upon completion. We also recommend said report be filed with the Auditor of State's office by the required deadline.

**Management's Response** – The Village switched to a computerized accounting system in 2008 and have since filed in a timely manner.

**FINDING NUMBER 2008-002**

**Significant Deficiency / Material Weakness**

**Posting Receipts and Expenditures**

Receipts and Expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2007 and 2008, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Debt payments were posted as general government, transportation, supplies and materials, and contingencies instead of principal and interest in 2007.
- Mayor's Court receipts were not accounted for on the Village's accounting system properly in 2007 and 2008.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

We recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF MALTA  
MORGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2006-001	ORC Section 117.38 – Annual financial reports not properly filed.	No	Not Corrected, Repeated as finding 2008-001
2006-002	ORC Section 507.04 – Incomplete record of proceeding.	Yes	N/A
2006-003	ORC Section 5705.39 – Appropriations exceed Estimated Resources.	Yes	N/A
2006-004	ORC Section 5705.40 – Not properly approving appropriations.	Yes	N/A
2006-005	ORC Section 5705.41(B) – Expenditures exceeding appropriations.	Yes	N/A
2006-006	ORC Section 5705.41(D)(1) – Properly certifying the availability of funds.	Yes	N/A
2006-007	Voucher supporting documentation	Yes	N/A
2006-008	Posting receipts and expenditures	No	Not Corrected, Repeated as finding 2008-002





Mary Taylor, CPA  
Auditor of State

**VILLAGE OF MALTA**

**MORGAN COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 8, 2009**