



Dave Yost • Auditor of State

VILLAGE OF MALINTA
HENRY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Malinta
Henry County
103 1/2 North Turkeyfoot Avenue
P.O. Box 69
Malinta, Ohio 43535-0069

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Malinta, Henry County, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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 opinion.

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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 as of December 31, 2012 and 2011, or changes in financial position 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 Malinta, Henry County, Ohio as of December 31, 2012 and 2011, 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 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Village of Malinta adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2013, 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. 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.



Dave Yost
Auditor of State

Columbus, Ohio

October 10, 2013

**VILLAGE OF MALINTA
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$6,653	\$1,995		\$8,648
Municipal Income Tax		52,043		52,043
Intergovernmental	58,570	11,979		70,549
Charges for Services			\$418	418
Fines, Licenses and Permits	249			249
Earnings on Investments	1,224	4		1,228
Miscellaneous		616		616
<i>Total Cash Receipts</i>	<u>66,696</u>	<u>66,637</u>	<u>418</u>	<u>133,751</u>
Cash Disbursements				
Current:				
Security of Persons and Property	9,604			9,604
Leisure Time Activities	1,243			1,243
Community Environment	780			780
Basic Utility Services	1,866			1,866
Transportation	2,276	15,118		17,394
General Government	49,889	1,615		51,504
Capital Outlay	1,000		25,129	26,129
<i>Total Cash Disbursements</i>	<u>66,658</u>	<u>16,733</u>	<u>25,129</u>	<u>108,520</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>38</u>	<u>49,904</u>	<u>(24,711)</u>	<u>25,231</u>
Other Financing Receipts (Disbursements)				
Transfers In	56,000	1,000	24,000	81,000
Transfers Out	(1,019)	(80,000)		(81,019)
Other Financing Sources	503		21	524
Other Financing Uses	(508)			(508)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>54,976</u>	<u>(79,000)</u>	<u>24,021</u>	<u>(3)</u>
<i>Net Change in Fund Cash Balances</i>	55,014	(29,096)	(690)	25,228
<i>Fund Cash Balances, January 1</i>	<u>34,854</u>	<u>45,613</u>	<u>186,975</u>	<u>267,442</u>
Fund Cash Balances, December 31				
Restricted		3,162		3,162
Committed		13,355	186,285	199,640
Unassigned	89,868			89,868
<i>Fund Cash Balances, December 31</i>	<u><u>\$89,868</u></u>	<u><u>\$16,517</u></u>	<u><u>\$186,285</u></u>	<u><u>\$292,670</u></u>

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$335,952
Fines, Licenses and Permits	45
	335,997
<i>Total Operating Cash Receipts</i>	<i>335,997</i>
Operating Cash Disbursements	
Personal Services	24,231
Employee Fringe Benefits	3,766
Contractual Services	113,437
Supplies and Materials	11,413
Other	525
	153,372
<i>Total Operating Cash Disbursements</i>	<i>153,372</i>
<i>Operating Income</i>	<i>182,625</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	42,192
Capital Outlay	(5,680)
Principal Retirement	(79,835)
Interest and Other Fiscal Charges	(77,716)
Other Non-Operating Receipts	40,788
Other Financing Uses	(759)
	(81,010)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(81,010)</i>
<i>Income before Transfers</i>	<i>101,615</i>
Transfers In	19
	101,634
<i>Net Change in Fund Cash Balances</i>	<i>101,634</i>
<i>Fund Cash Balances, January 1</i>	<i>208,640</i>
	208,640
<i>Fund Cash Balances, December 31</i>	<i>\$310,274</i>
	\$310,274

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$6,035	\$1,954		\$7,989
Municipal Income Tax		61,550		61,550
Intergovernmental	11,864	12,354		24,218
Charges for Services			\$100	100
Fines, Licenses and Permits	539			539
Earnings on Investments	1,698	5		1,703
Miscellaneous	105	706	4,062	4,873
<i>Total Cash Receipts</i>	<u>20,241</u>	<u>76,569</u>	<u>4,162</u>	<u>100,972</u>
Cash Disbursements				
Current:				
Security of Persons and Property	10,023			10,023
Leisure Time Activities	2,450			2,450
Community Environment	780			780
Basic Utility Services	2,195			2,195
Transportation	1,177	15,800		16,977
General Government	51,038	3,065		54,103
Capital Outlay	745		83,014	83,759
<i>Total Cash Disbursements</i>	<u>68,408</u>	<u>18,865</u>	<u>83,014</u>	<u>170,287</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(48,167)</u>	<u>57,704</u>	<u>(78,852)</u>	<u>(69,315)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			59,340	59,340
Transfers In	42,000		18,000	60,000
Transfers Out		(60,000)		(60,000)
Other Financing Sources	2,301			2,301
Other Financing Uses	(580)			(580)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>43,721</u>	<u>(60,000)</u>	<u>77,340</u>	<u>61,061</u>
<i>Net Change in Fund Cash Balances</i>	(4,446)	(2,296)	(1,512)	(8,254)
<i>Fund Cash Balances, January 1</i>	<u>39,300</u>	<u>47,909</u>	<u>188,487</u>	<u>275,696</u>
Fund Cash Balances, December 31				
Restricted		2,685		2,685
Committed		42,928	186,975	229,903
Unassigned	34,854			34,854
<i>Fund Cash Balances, December 31</i>	<u>\$34,854</u>	<u>\$45,613</u>	<u>\$186,975</u>	<u>\$267,442</u>

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$223,265
Fines, Licenses and Permits	5,535
	<u>228,800</u>
<i>Total Operating Cash Receipts</i>	<u>228,800</u>
Operating Cash Disbursements	
Personal Services	30,361
Employee Fringe Benefits	5,072
Contractual Services	137,894
Supplies and Materials	3,150
Other	1,442
	<u>177,919</u>
<i>Total Operating Cash Disbursements</i>	<u>177,919</u>
<i>Operating Income</i>	<u>50,881</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	470,870
Loan Proceeds	1,235,000
Capital Outlay	(368,738)
Principal Retirement	(1,309,079)
Interest and Other Fiscal Charges	(62,423)
Other Non-Operating Receipts	40,574
	<u>6,204</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>6,204</u>
<i>Net Change in Fund Cash Balances</i>	57,085
<i>Fund Cash Balances, January 1</i>	<u>151,555</u>
<i>Fund Cash Balances, December 31</i>	<u>\$208,640</u>

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 Malinta, Henry County, Ohio (the Village), as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

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.

The Village values certificates of deposit at cost

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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Capital Project Fund

This fund accounts for and reports 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 Project Fund:

Other Capital Projects Fund – This fund revenue is used for capital improvements relating to the Village's water utility.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs. This fund also receives proceeds of loans and grants from the Ohio Water Development Agency, the Ohio Public Works Commission, and the United States Department of Agriculture. The proceeds are being used to construct a new sanitary sewer system.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

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.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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:

1. Nonspendable

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

2. 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.

3. Committed

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

4. 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 the 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 resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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 (committed, assigned, and 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

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

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.

2. Change in Accounting Principle

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 did not have an effect on fund balances previously reported

3. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	\$464,959	\$338,702
Certificates of deposit	137,985	137,380
Total deposits	\$602,944	\$476,082

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

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,351	\$123,199	(\$5,152)
Special Revenue	123,713	67,637	(56,076)
Capital Projects	209,275	24,439	(184,836)
Enterprise	627,520	418,996	(208,524)
Total	\$1,088,859	\$634,271	(\$454,588)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$96,578	\$68,185	\$28,393
Special Revenue	101,715	96,733	4,982
Capital Projects	92,575	25,129	67,446
Enterprise	512,621	317,362	195,259
Total	\$803,489	\$507,409	\$296,080

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$131,411	\$64,542	(\$66,869)
Special Revenue	123,889	76,569	(47,320)
Capital Projects	210,787	81,502	(129,285)
Enterprise	2,300,284	1,975,244	(325,040)
Total	<u>\$2,766,371</u>	<u>\$2,197,857</u>	<u>(\$568,514)</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,570	\$68,988	\$30,582
Special Revenue	104,545	78,865	25,680
Capital Projects	151,915	83,014	68,901
Enterprise	2,144,481	1,918,159	226,322
Total	<u>\$2,500,511</u>	<u>\$2,149,026</u>	<u>\$351,485</u>

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax 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 pay semiannually, 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. Local Income Tax

The Village levies a municipal income tax of 1 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 employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #1711	\$330,540	7.700%
United States Development of Agriculture Loan	1,235,000	4.125%
Total	\$1,565,540	

The Ohio Water Development Authority (OWDA) Loan #1711 relates to a water main line and tank expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,216,408 in loans to the Village for this project. The Village is responsible for this loan. However, the Village entered into a contract with the City of Napoleon and is receiving \$39,861 annually from the City toward the retirement of this debt. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The United States Development of Agricultural loan in the amount of \$1,235,000 was accepted on July 5, 2011. The loan paid off the Ohio Water Development Authority (OWDA) Loan #5311. The loan relates to the wastewater system design project the Ohio Environmental Protection Agency mandated.

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

Year ending December 31:	OWDA Loan	USDA Loan
2013	\$109,176	\$64,244
2014	109,838	64,195
2015	110,552	64,226
2016	55,461	64,232
2017		64,213
2018-2022		321,069
2023-2027		321,106
2028-2032		321,021
2033-2037		321,120
2038-2042		321,082
2043-2047		321,138
2048-2053		256,853
Total	\$385,027	\$2,504,499

8. Retirement System

The Village's employees and officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

9. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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Dave Yost • Auditor of State

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

Village of Malinta
Henry County
103 1/2 North Turkeyfoot Avenue
P.O. Box 69
Malinta, Ohio 43535-0069

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Malinta, Henry County, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated October 10, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, and wherein the Village adopted Governmental Accounting Standards Board Statement No. 54 in 2011.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.



Dave Yost
Auditor of State

Columbus, Ohio

October 10, 2013

**VILLAGE OF MALINTA
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Material Weakness

Accurate financial reporting is the responsibility of Village management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The 2012 and 2011 financial statements contained material errors, such as the following:

- \$13,355 and \$186,285 of Special Revenue and Capital Projects committed fund balance, respectively, were incorrectly reported as restricted in 2012.
- \$1,235,000 of Loan Proceeds from the United States Department of Agriculture was incorrectly posted as intergovernmental monies in 2011.

Adjusting entries were posted to the financial statements to correct these and other errors.

To ensure the Village's financial statements and notes to the statements are complete and accurate, Council should adopt policies and procedures, including a final review of the financial statements, and notes to the financial statements to identify and correct errors and omissions.

Officials' Response:

We did not receive a response from Officials to this finding.

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**VILLAGE OF MALINTA
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Material weakness due to errors in financial reporting.	No	Not corrected. This finding has been repeated in this report as item 2012-001.
2010-002	Ohio Revised Code §5705.10 for funds not being segregated.	Yes	

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Dave Yost • Auditor of State

VILLAGE OF MALINTA

HENRY 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
NOVEMBER 7, 2013**