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Marietta, OH 45750
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Parkersburg, WV 26101
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St. Clairsville, OH 43950
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**VILLAGE OF MALTA
MORGAN COUNTY
Regular Audit
For the Years Ended December 31, 2014 and 2013**

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Malta, Morgan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. 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 Malta is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 21, 2015

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VILLAGE OF MALTA
MORGAN COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 26, 2015

Village of Malta
Morgan County
PO Box 307
Malta, OH 43758

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Malta**, Morgan County (the Village) as of and for the years ended December 31, 2014 and 2013.

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 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 opinion.

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

As described in Note 1B 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 of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are 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 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 as of December 31, 2014 and 2013, 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 Malta, Morgan County as of December 31, 2014 and 2013, 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2015, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF MALTA
MORGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 8,570	\$ 9,994	\$ 18,564
Municipal Income Tax	85,221	-	85,221
Intergovernmental	66,878	31,723	98,601
Fines, Licenses and Permits	4,873	174	5,047
Earnings on Investments	403	207	610
Miscellaneous	2,629	-	2,629
<i>Total Cash Receipts</i>	<u>168,574</u>	<u>42,098</u>	<u>210,672</u>
Cash Disbursements			
Current:			
Security of Persons and Property	-	6,470	6,470
Public Health Services	1,302	-	1,302
Transportation	-	48,474	48,474
General Government	152,759	-	152,759
Capital Outlay	-	1,179	1,179
<i>Total Cash Disbursements</i>	<u>154,061</u>	<u>56,123</u>	<u>210,184</u>
<i>Net Change in Fund Cash Balances</i>	14,513	(14,025)	488
<i>Fund Cash Balances, January 1</i>	<u>162,448</u>	<u>46,895</u>	<u>209,343</u>
Fund Cash Balances, December 31			
Restricted	-	32,870	32,870
Unassigned	176,961	-	176,961
<i>Fund Cash Balances, December 31</i>	<u>\$ 176,961</u>	<u>\$ 32,870</u>	<u>\$ 209,831</u>

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

**VILLAGE OF MALTA
MORGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 480,352	\$ -	\$ 480,352
<i>Total Operating Cash Receipts</i>	<u>480,352</u>	<u>-</u>	<u>480,352</u>
Operating Cash Disbursements			
Personal Services	85,064	-	85,064
Employee Fringe Benefits	28,100	-	28,100
Contractual Services	193,124	-	193,124
Supplies and Materials	64,089	-	64,089
<i>Total Operating Cash Disbursements</i>	<u>370,377</u>	<u>-</u>	<u>370,377</u>
<i>Operating Income</i>	<u>109,975</u>	<u>-</u>	<u>109,975</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	392,005	-	392,005
Earnings on Investments	23	-	23
Miscellaneous Receipts	768	-	768
Capital Outlay	(292,798)	-	(292,798)
Principal Retirement	(206,992)	-	(206,992)
Interest and Other Fiscal Charges	(16,825)	-	(16,825)
Other Financing Sources	-	6,153	6,153
Other Financing Uses	-	(6,125)	(6,125)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(123,819)</u>	<u>28</u>	<u>(123,791)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(13,844)</u>	<u>28</u>	<u>(13,816)</u>
<i>Fund Cash Balances, January 1</i>	<u>354,472</u>	<u>70</u>	<u>354,542</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 340,628</u></u>	<u><u>\$ 98</u></u>	<u><u>\$ 340,726</u></u>

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

**VILLAGE OF MALTA
MORGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 9,958	\$ 11,929	\$ 21,887
Municipal Income Tax	82,510	-	82,510
Intergovernmental	51,112	31,472	82,584
Fines, Licenses and Permits	7,524	304	7,828
Earnings on Investments	571	294	865
Miscellaneous	1,498	54	1,552
<i>Total Cash Receipts</i>	<u>153,173</u>	<u>44,053</u>	<u>197,226</u>
Cash Disbursements			
Current:			
Security of Persons and Property	-	7,101	7,101
Public Health Services	3,096	-	3,096
Transportation	-	31,266	31,266
General Government	106,138	-	106,138
<i>Total Cash Disbursements</i>	<u>109,234</u>	<u>38,367</u>	<u>147,601</u>
<i>Excess of Receipts Over Disbursements</i>	<u>43,939</u>	<u>5,686</u>	<u>49,625</u>
Other Financing (Disbursements)			
Other Financing Uses	(12)	-	(12)
<i>Total Other Financing (Disbursements)</i>	<u>(12)</u>	<u>-</u>	<u>(12)</u>
<i>Net Change in Fund Cash Balances</i>	43,927	5,686	49,613
<i>Fund Cash Balances, January 1</i>	<u>118,521</u>	<u>41,209</u>	<u>159,730</u>
Fund Cash Balances, December 31			
Restricted	-	46,895	46,895
Unassigned	162,448	-	162,448
<i>Fund Cash Balances, December 31</i>	<u>\$ 162,448</u>	<u>\$ 46,895</u>	<u>\$ 209,343</u>

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

**VILLAGE OF MALTA
MORGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 455,606	\$ -	\$ 455,606
<i>Total Operating Cash Receipts</i>	<u>455,606</u>	<u>-</u>	<u>455,606</u>
Operating Cash Disbursements			
Personal Services	73,929	-	73,929
Employee Fringe Benefits	24,399	-	24,399
Contractual Services	377,797	-	377,797
Supplies and Materials	93,028	-	93,028
<i>Total Operating Cash Disbursements</i>	<u>569,153</u>	<u>-</u>	<u>569,153</u>
<i>Operating (Loss)</i>	<u>(113,547)</u>	<u>-</u>	<u>(113,547)</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	520	-	520
Earnings on Investments	16	-	16
Other Debt Proceeds	205,139	-	205,139
Miscellaneous Receipts	45,926	-	45,926
Capital Outlay	(47,365)	-	(47,365)
Principal Retirement	(158,846)	-	(158,846)
Interest and Other Fiscal Charges	(17,718)	-	(17,718)
Other Financing Sources	-	8,684	8,684
Other Financing Uses	-	(9,493)	(9,493)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>27,672</u>	<u>(809)</u>	<u>26,863</u>
<i>Net Change in Fund Cash Balances</i>	<u>(85,875)</u>	<u>(809)</u>	<u>(86,684)</u>
<i>Fund Cash Balances, January 1</i>	<u>440,347</u>	<u>879</u>	<u>441,226</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 354,472</u></u>	<u><u>\$ 70</u></u>	<u><u>\$ 354,542</u></u>

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

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 directs the Village. The Village provides water and sewer utilities and general governmental services. The Village contracts with the M&M Volunteer Fire Department to receive fire protection services.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for that entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a non-assessable, unincorporated non-profit association providing formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117-2-03(D) permit.

C. Deposits

The Village invests all available funds in interest-bearing checking accounts. Interest earned is recognized and recorded when received.

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.

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds from 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.

3. 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 Operating Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

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

Sewer Project Fund – This fund receives loan proceeds from the Ohio Water Development Authority to finance the replacement of the Village's sewer lines.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Appropriations lapse at year end.

VILLAGE OF MALTA
MORGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 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 cancelled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

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.

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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.

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. EQUITY IN POOLED DEPOSITS

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

	2014	2013
Demand deposits	<u>\$ 550,557</u>	<u>\$ 563,885</u>

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

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 178,700	\$ 168,574	\$ (10,126)
Special Revenue	47,072	42,098	(4,974)
Enterprise	1,985,385	873,148	(1,112,237)
Total	\$ 2,211,157	\$ 1,083,820	\$ (1,127,337)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 341,148	\$ 154,061	\$ 187,087
Special Revenue	93,997	56,123	37,874
Enterprise	2,339,857	886,992	1,452,865
Total	\$ 2,775,002	\$ 1,097,176	\$ 1,677,826

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 159,972	\$ 153,173	\$ (6,799)
Special Revenue	41,597	44,053	2,456
Enterprise	730,424	707,207	(23,217)
Total	\$ 931,993	\$ 904,433	\$ (27,560)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 280,620	\$ 109,246	\$ 171,374
Special Revenue	80,679	38,367	42,312
Enterprise	1,170,772	793,082	377,690
Total	\$ 1,532,071	\$ 940,695	\$ 591,376

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

4. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest
OPWC - CR25N	\$ 341,125	0.00%
OWDA - 3212	288,977	2.00%
OWDA - 4116	77,172	4.48%
OWDA - 5888	311,382	2.00%
OWDA - 5915	389,876	0.00%
	\$ 1,408,532	

The Ohio Public Works Commission (OPWC) loan CR25N relates to the sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OPWC approved \$379,028 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$6,317 over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) loan 3212 relates to water treatment plant improvements. The OWDA approved \$539,831 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$14,698, including interest, over 23 years.

The OWDA loan 4116 relates to the construction of an earthen berm around the well field and water treatment plant. The OWDA approved \$91,607 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$2,941, including interest, over 27 years.

The OWDA loan 5883 relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$167,820 in a loan to the Village for this project. The December 31, 2012 balance on this loan was \$(16,821), not \$145,808 as stated in the prior audit report. The Village repaid the loan in 2014.

The OWDA loan 5888 relates to a water meter installation project. The OWDA approved \$394,996 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$12,030, including interest, over 20 years. The December 31, 2012 balance on this loan was \$344,849, not \$378,755 as stated in the prior audit report. An amortization schedule has not been established for this loan.

The OWDA loan 5915 relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$618,000 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$15,450 over 20 years. The December 31, 2012 balance on this loan was \$451,676, not \$602,550 as stated in the prior audit report. An amortization schedule has not been established for this loan.

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

4. DEBT (Continued)

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

Year Ended December 31:	OPWC CR25N	OWDA 3212	OWDA 4116
2015	\$ 12,634	\$ 29,396	\$ 5,882
2016	12,635	29,396	5,882
2017	12,634	29,396	5,882
2018	12,635	29,396	5,882
2019	12,634	29,396	5,882
2020-2024	63,171	117,587	29,411
2025-2029	63,171	58,794	29,411
2030-2034	63,171	-	29,412
2035-2039	63,171	-	-
2040-2041	25,269	-	-
Total	<u>\$ 341,125</u>	<u>\$ 323,361</u>	<u>\$ 117,644</u>

5. LOCAL INCOME TAXES

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit 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. 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.

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

7. RETIREMENT SYSTEMS

The Village's employees 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.

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

7. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

8. 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 (and through October 2014) 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 774 members as of December 31, 2012 and 2013 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 equity at December 31, 2012 and 2013 (the latest information available).

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	6,413,188	5,805,909

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

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569

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

June 26, 2015

Village of Malta
Morgan County
PO Box 307
Malta, OH 43758

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 Malta**, Morgan County (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 26, 2015, 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 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 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.

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 audit 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 2014-001 described in the accompanying schedule of audit findings to be a material weakness.

... "bringing more to the table"

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



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*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 26, 2015.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF MALTA
MORGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-001

Material Weakness

Posting Receipts and Disbursements

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

Receipts and disbursements were not always posted correctly. For example:

- Mayor's Court activity was not properly recorded in an agency fund in 2013 or 2014;
- Motor vehicle license tax was recorded as Property and Other Local Taxes instead of Intergovernmental in the Street Construction, Maintenance and Repair Fund in 2013;
- OWDA debt payments were recorded as Contractual Services instead of Principal Retirement and Interest and Other Fiscal Charges in the Water Operating Fund in 2013;
- OWDA loan principal forgiveness was not recorded in the Sewer Operating Fund in 2013 or 2014;
- Rollback receipt was not properly allocated to the Street Construction, Maintenance and Repair and Fire Protection Funds in 2014;
- Real estate tax settlement and related fees were recorded as Municipal Income Taxes in the General Fund instead of Property and Other Local Taxes in the General, Street Construction, Maintenance and Repair and Fire Protection Funds in 2014;
- Highway distribution receipt was recorded in the General Fund instead of the Street Construction, Maintenance and Repair and State Highway Funds in 2014;
- Computer purchase was recorded as General Government instead of Capital Outlay in the Computer Fund in 2014;
- Welding repairs were recorded as General Government instead of Transportation in the FEMA Fund in 2014;

This resulted in several adjusting and reclassification entries being made to the Village's financial statements. The accompanying financial statements reflect all reclassifications and adjustments. The Village is in agreement with the adjustments and has posted them to its accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements.

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

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

**VILLAGE OF MALTA
MORGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	ORC Section 5705.41(D)	Yes	Corrected
2012-002	ORC Section 5705.42	No	Partially Corrected; Repeated as part of Finding 2014-001
2012-003	OAC 117-2-02(A)	No	Not Corrected; Repeated as part of Finding 2014-001



Dave Yost • 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
AUGUST 4, 2015**