

**VILLAGE OF MALTA
MORGAN COUNTY
Regular Audit
For the Years Ended December 31, 2010 and 2009**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village 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, 2009 through December 31, 2010. 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.

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Dave Yost
Auditor of State

September 27, 2011

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VILLAGE OF MALTA
MORGAN COUNTY

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Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA

428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG

1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE

121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT

June 30, 2011

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, 2010 and 2009. 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 requirements. The Auditor of the 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, 2010 and 2009 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, 2010 and 2009 or their changes in financial position or cash flows, where applicable 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, Ohio, as of December 31, 2010 and 2009, 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 June 30, 2011, 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,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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, 2010**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property and Local Taxes | \$ 7,996 | \$ 9,343 | \$ 17,339 |
| Municipal Income Tax | 74,452 | - | 74,452 |
| Intergovernmental | 60,594 | 35,939 | 96,533 |
| Fines, Licenses, and Permits | 6,360 | 385 | 6,745 |
| Earnings on Investments | 354 | 182 | 536 |
| Miscellaneous | 3,723 | - | 3,723 |
| | | | |
| Total Cash Receipts | <u>153,479</u> | <u>45,849</u> | <u>199,328</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 235 | 5,500 | 5,735 |
| Public Health Service | 650 | - | 650 |
| Transportation | - | 29,802 | 29,802 |
| General Government | 166,324 | - | 166,324 |
| | | | |
| Total Cash Disbursements | <u>167,209</u> | <u>35,302</u> | <u>202,511</u> |
| Total Cash Receipts Over/(Under) Disbursements | <u>(13,730)</u> | <u>10,547</u> | <u>(3,183)</u> |
| Fund Cash Balances, January 1 | <u>63,981</u> | <u>24,560</u> | <u>88,541</u> |
| Fund Cash Balances, December 31 | <u>\$ 50,251</u> | <u>\$ 35,107</u> | <u>\$ 85,358</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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | <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 | \$ 424,903 | \$ - | \$ 424,903 |
| Total Operating Cash Receipts | <u>424,903</u> | <u>-</u> | <u>424,903</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 60,065 | - | 60,065 |
| Employee Fringe Benefits | 14,261 | - | 14,261 |
| Contractual Services | 173,534 | - | 173,534 |
| Supplies and Materials | 95,730 | - | 95,730 |
| Total Operating Cash Disbursements | <u>343,590</u> | <u>-</u> | <u>343,590</u> |
| Operating Income (Loss) | <u>81,313</u> | <u>-</u> | <u>81,313</u> |
| Non-Operating Receipts/(Disbursements) | | | |
| Earnings on Investments | 4 | - | 4 |
| Miscellaneous Receipts | 3,867 | - | 3,867 |
| Other Non-Operating Receipts | - | 8,715 | 8,715 |
| Debt Service: | | | |
| Redemption of Principal | (51,085) | - | (51,085) |
| Interest and Other Financing Charges | (12,620) | - | (12,620) |
| Other Non-Operating Disbursements | - | (8,715) | (8,715) |
| Total Other Financing Receipts/(Disbursements) | <u>(59,834)</u> | <u>-</u> | <u>(59,834)</u> |
| Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements | 21,479 | - | 21,479 |
| Fund Cash Balances, January 1 | <u>235,680</u> | <u>-</u> | <u>235,680</u> |
| Fund Cash Balances, December 31 | <u>\$ 257,159</u> | <u>\$ -</u> | <u>\$ 257,159</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, 2009**

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property and Local Taxes | \$ 12,707 | \$ 12,074 | \$ 24,781 |
| Municipal Income Tax | 94,746 | - | 94,746 |
| Intergovernmental | 49,322 | 30,179 | 79,501 |
| Fines, Licenses, and Permits | 7,403 | 469 | 7,872 |
| Earnings on Investments | 663 | 330 | 993 |
| Miscellaneous | 21,571 | - | 21,571 |
| | <u>186,412</u> | <u>43,052</u> | <u>229,464</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 235 | 16,295 | 16,530 |
| Public Health Service | 3,217 | - | 3,217 |
| Transportation | - | 31,952 | 31,952 |
| General Government | 196,082 | 2,837 | 198,919 |
| | <u>199,534</u> | <u>51,084</u> | <u>250,618</u> |
| Total Cash Disbursements | | | |
| Total Cash Receipts Over/(Under) Disbursements | <u>(13,122)</u> | <u>(8,032)</u> | <u>(21,154)</u> |
| Fund Cash Balances, January 1 | <u>77,103</u> | <u>32,592</u> | <u>109,695</u> |
| Fund Cash Balances, December 31 | <u><u>\$ 63,981</u></u> | <u><u>\$ 24,560</u></u> | <u><u>\$ 88,541</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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | <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 | \$ 476,242 | \$ - | \$ 476,242 |
| Total Operating Cash Receipts | <u>476,242</u> | <u>-</u> | <u>476,242</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 100,407 | - | 100,407 |
| Employee Fringe Benefits | 20,692 | - | 20,692 |
| Contractual Services | 193,698 | - | 193,698 |
| Supplies and Materials | 125,113 | - | 125,113 |
| Total Operating Cash Disbursements | <u>439,910</u> | <u>-</u> | <u>439,910</u> |
| Operating Income (Loss) | <u>36,332</u> | <u>-</u> | <u>36,332</u> |
| Non-Operating Receipts/(Disbursements) | | | |
| Earnings on Investments | 4 | - | 4 |
| Note Proceeds | 25,893 | - | 25,893 |
| Miscellaneous Receipts | 22,180 | - | 22,180 |
| Other Non-Operating Receipts | - | 9,707 | 9,707 |
| Debt Service: | | | |
| Redemption of Principal | (41,587) | - | (41,587) |
| Interest and Other Financing Charges | (14,349) | - | (14,349) |
| Other Non-Operating Disbursements | - | (9,707) | (9,707) |
| Total Other Financing Receipts/(Disbursements) | <u>(7,859)</u> | <u>-</u> | <u>(7,859)</u> |
| Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements | 28,473 | - | 28,473 |
| Fund Cash Balances, January 1 | <u>207,207</u> | <u>-</u> | <u>207,207</u> |
| Fund Cash Balances, December 31 | <u>\$ 235,680</u> | <u>\$ -</u> | <u>\$ 235,680</u> |

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, 2010 AND 2009**

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. Accounting Basis

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. Deposits

During the period the Village maintained a general checking account, certificate of deposits, and mayor's court checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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.

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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 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 except certain agency funds 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, 2010 AND 2009
(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 2010 and 2009 budgetary activity appears in Note 3.

F. 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.

G. 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 used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

| | | |
|-----------------|-------------------|-------------------|
| | 2010 | 2009 |
| Demand deposits | <u>\$ 342,517</u> | <u>\$ 324,221</u> |

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

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|------------------|
| General | \$ 157,110 | \$ 153,479 | \$ (3,631) |
| Special Revenue | 38,200 | 45,849 | 7,649 |
| Enterprise | 415,625 | 428,774 | 13,149 |
| Total | <u>\$ 610,935</u> | <u>\$ 628,102</u> | <u>\$ 17,167</u> |

2010 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-------------------|
| General | \$ 221,091 | \$ 167,209 | \$ 53,882 |
| Special Revenue | 62,757 | 35,302 | 27,455 |
| Enterprise | 531,834 | 407,295 | 124,539 |
| Total | <u>\$ 815,682</u> | <u>\$ 609,806</u> | <u>\$ 205,876</u> |

2009 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|-------------------|
| General | \$ 167,305 | \$ 186,412 | \$ 19,107 |
| Special Revenue | 39,024 | 43,052 | 4,028 |
| Enterprise | 29,625 | 524,319 | 494,694 |
| Total | <u>\$ 235,954</u> | <u>\$ 753,783</u> | <u>\$ 517,829</u> |

2009 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-------------------|
| General | \$ 244,407 | \$ 199,534 | \$ 44,873 |
| Special Revenue | 71,367 | 51,084 | 20,283 |
| Enterprise | 624,882 | 495,846 | 129,036 |
| Total | <u>\$ 940,656</u> | <u>\$ 746,464</u> | <u>\$ 194,192</u> |

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. DEBT

Debt outstanding at December 31, 2010 was as follows:

| | Principal | Interest Rate |
|---|------------------|--------------------------|
| 4116 OWDA – Flood Protect. Of WTP & Wellfield | \$ 85,963 | 4.48% |
| 3212 OWDA – WTP Improve./Elev. Storage Tank | 379,332 | 2.00% |
| 4811 OWDA – CSO Design, Phase 1 | 53,682 | 0.00% |
| Total | \$ 518,977 | |

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 \$2,941 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. This loan was paid off in 2010.

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 2010. The loan will be repaid in semiannual installments beginning of \$8,155. In 2009, the Village withdrew an additional \$25,893 for the ongoing expenses related to phase 1.

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

| Ohio Water Development Authority Loans | | | | |
|--|------------|------------|-----------|------------|
| December 31: | 4116 | 3212 | 4811 | Total |
| 2011 | 5,882 | 29,396 | 16,310 | 51,588 |
| 2012 | 5,882 | 29,396 | 16,310 | 51,588 |
| 2013 | 5,882 | 29,396 | 16,310 | 51,588 |
| 2014 | 5,882 | 29,396 | 4,752 | 40,030 |
| 2015 | 5,882 | 29,396 | - | 35,278 |
| 2016-2020 | 29,410 | 146,980 | - | 176,390 |
| 2021-2025 | 29,410 | 146,980 | - | 176,390 |
| 2026-2030 | 29,410 | 14,698 | - | 44,108 |
| 2031-2035 | 26,469 | - | - | 26,469 |
| Total | \$ 144,109 | \$ 455,638 | \$ 53,682 | \$ 653,429 |

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

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.

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of police participant wages. For 2010 and 2009, 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, 2010.

8. RISK MANAGEMENT

Risk Pool Membership

Through December 31, 2010, the Village belonged to 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 was legally separate from its member governments.

**VILLAGE OF MALTA
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available), and include amounts for both OPRRM and OPHC:

| | <u>2009</u> OPRM | <u>2009</u> OPHC | <u>2009</u> | <u>2008</u> |
|-----------------|----------------------------|----------------------------|--------------------|--------------------|
| Assets | \$11,176,186 | \$1,358,802 | \$12,534,988 | \$10,471,114 |
| Liabilities | (4,852,485) | (1,253,617) | (6,106,102) | (5,286,781) |
| Members' Equity | <u>\$6,323,701</u> | <u>\$105,185</u> | <u>\$6,428,886</u> | <u>\$5,184,333</u> |

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

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 2010 was accounted for and reported by the Village of McConnelsville as part of their enterprise funds. The activity for 2009 is reported here as part of the enterprise funds discussed above and is summarized below:

| | |
|------------------------------------|-----------------|
| Operating Receipts | \$ 28,036 |
| Operating Expenditures | (46,838) |
| Non-operating Receipts (subsidies) | 16,038 |
| Net Increase in Fund Balance | <u>\$ 2,764</u> |

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

June 30, 2011

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

To the Village Council:

We have audited the financial statements of **Village of Malta**, Morgan County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 30, 2011, 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. 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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of audit 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, 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF MALTA
MORGAN COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

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 2010 and 2009, 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:

- General Government expenditures were recorded to Other Financial Uses instead of General Government Expenditures
- Gas Tax Receipts were recorded to Property Tax Receipts instead of Intergovernmental
- Mayor's Court activity was not properly recorded in the Agency Fund

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

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

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and Ohio Administration Code 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, 2010 AND 2009**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2008-001 | ORC Section 117.38 – Annual financial reports not properly filed. | Yes | N/A |
| 2008-002 | Posting receipts and expenditures | No | Not Corrected, Repeated as finding 2010-001 |

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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
OCTOBER 11, 2011