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1310 Market Street, Suite 300  
Wheeling, WV 26003  
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Certified Public Accountants, A.C.

**VILLAGE OF MALTA  
MORGAN COUNTY  
Regular Audit**

**For the Years Ended December 31, 2016 and 2015**

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Village Council  
Village of Malta  
PO 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, 2015 through December 31, 2016. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 30, 2017

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VILLAGE OF MALTA  
MORGAN COUNTY

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## INDEPENDENT AUDITOR'S REPORT

June 16, 2017

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 of the cash balances, receipts, and disbursements by fund type, and related notes of the **Village of Malta**, Morgan County (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***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 opinions.

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

As described in Note 2 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, 2016 and 2015, 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, 2016 and 2015, 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 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2017, 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 (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 7,529	\$ 9,849	\$ 17,378
Municipal Income Tax	93,743	-	93,743
Intergovernmental	66,612	37,217	103,829
Fines, Licenses and Permits	2,888	113	3,001
Earnings on Investments	515	139	654
Miscellaneous	3,092	-	3,092
<i>Total Cash Receipts</i>	<u>174,379</u>	<u>47,318</u>	<u>221,697</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	-	7,407	7,407
Public Health Services	3,519	-	3,519
Transportation	70,186	21,107	91,293
General Government	145,618	60	145,678
Debt Service			
Principal Retirement	746	-	746
Interest and Fiscal Charges	206	-	206
<i>Total Cash Disbursements</i>	<u>220,275</u>	<u>28,574</u>	<u>248,849</u>
Excess of Receipts Over (Under) Disbursements	(45,896)	18,744	(27,152)
<b>Other Financing Receipts</b>			
Sale of Notes	70,699	-	70,699
Sale of Capital Assets	6,900	-	6,900
Total Other Financing Receipts	<u>77,599</u>	<u>-</u>	<u>77,599</u>
<i>Net Change in Fund Cash Balances</i>	31,703	18,744	50,447
<i>Fund Cash Balances, January 1</i>	<u>162,335</u>	<u>45,357</u>	<u>207,692</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	64,101	64,101
Unassigned	194,038	-	194,038
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 194,038</b></u>	<u><b>\$ 64,101</b></u>	<u><b>\$ 258,139</b></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 (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 529,853	\$ -	\$ 529,853
<i>Total Operating Cash Receipts</i>	<u>529,853</u>	<u>-</u>	<u>529,853</u>
<b>Operating Cash Disbursements</b>			
Personal Services	99,303	-	99,303
Employee Fringe Benefits	21,176	-	21,176
Contractual Services	268,585	-	268,585
Supplies and Materials	108,634	-	108,634
<i>Total Operating Cash Disbursements</i>	<u>497,698</u>	<u>-</u>	<u>497,698</u>
<i>Operating Income</i>	<u>32,155</u>	<u>-</u>	<u>32,155</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	392,421	-	392,421
Earnings on Investments	24	-	24
Other Debt Proceeds	488,622	-	488,622
Miscellaneous Receipts	10,529	-	10,529
Capital Outlay	(792,392)	-	(792,392)
Principal Retirement	(140,075)	-	(140,075)
Interest and Other Fiscal Charges	(14,439)	-	(14,439)
Other Financing Sources	-	3,395	3,395
Other Financing Uses	-	(3,653)	(3,653)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(55,310)</u>	<u>(258)</u>	<u>(55,568)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(23,155)</u>	<u>(258)</u>	<u>(23,413)</u>
<i>Fund Cash Balances, January 1</i>	<u>356,687</u>	<u>272</u>	<u>356,959</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 333,532</b></u>	<u><b>\$ 14</b></u>	<u><b>\$ 333,546</b></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 (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 9,098	\$ 11,421	\$ 20,519
Municipal Income Tax	93,260	-	93,260
Intergovernmental	52,666	32,461	85,127
Fines, Licenses and Permits	1,659	70	1,729
Earnings on Investments	420	205	625
Miscellaneous	896	-	896
<i>Total Cash Receipts</i>	<u>157,999</u>	<u>44,157</u>	<u>202,156</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	-	6,730	6,730
Public Health Services	2,725	-	2,725
Transportation	-	24,940	24,940
General Government	169,900	-	169,900
<i>Total Cash Disbursements</i>	<u>172,625</u>	<u>31,670</u>	<u>204,295</u>
<i>Net Change in Fund Cash Balances</i>	(14,626)	12,487	(2,139)
<i>Fund Cash Balances, January 1</i>	<u>176,961</u>	<u>32,870</u>	<u>209,831</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	45,357	45,357
Unassigned	162,335	-	162,335
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 162,335</u></u>	<u><u>\$ 45,357</u></u>	<u><u>\$ 207,692</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 (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 493,830	\$ -	\$ 493,830
<i>Total Operating Cash Receipts</i>	<u>493,830</u>	<u>-</u>	<u>493,830</u>
<b>Operating Cash Disbursements</b>			
Personal Services	103,353	-	103,353
Employee Fringe Benefits	26,425	-	26,425
Contractual Services	303,411	-	303,411
Supplies and Materials	82,430	-	82,430
<i>Total Operating Cash Disbursements</i>	<u>515,619</u>	<u>-</u>	<u>515,619</u>
<i>Operating (Loss)</i>	<u>(21,789)</u>	<u>-</u>	<u>(21,789)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	842,221	-	842,221
Earnings on Investments	22	-	22
Other Debt Proceeds	697,147	-	697,147
Miscellaneous Receipts	1,235	-	1,235
Capital Outlay	(1,382,930)	-	(1,382,930)
Principal Retirement	(103,935)	-	(103,935)
Interest and Other Fiscal Charges	(15,912)	-	(15,912)
Other Financing Sources	-	2,015	2,015
Other Financing Uses	-	(1,841)	(1,841)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>37,848</u>	<u>174</u>	<u>38,022</u>
<i>Net Change in Fund Cash Balances</i>	16,059	174	16,233
<i>Fund Cash Balances, January 1</i>	<u>340,628</u>	<u>98</u>	<u>340,726</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 356,687</b></u>	<u><b>\$ 272</b></u>	<u><b>\$ 356,959</b></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, 2016 and 2015*

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**Note 1 - Reporting Entity**

The Village of Malta (the Village), Morgan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and general government activities. The Village contracts with the M&M Volunteer Fire Department to receive fire protection services.

***Public Entity Risk Pools and Related Organizations***

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for that entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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 Funds:

***Street Construction Maintenance and Repair Fund*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire Protection Fund*** The fire protection fund accounts for and reports property and other tax revenues that are restricted to fund fire protection services.

**Village of Malta**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***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*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Sewer Project Fund*** This fund receives loan proceeds from the Ohio Development Authority and Ohio Public Works Commission to finance the replacement of the Village's sewer lines.

***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.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

***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.

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

A summary of 2016 and 2015 budgetary activity appears in Note 3.

**Village of Malta**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Deposits***

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

***Capital Assets***

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

***Fund Balance***

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

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

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

***Committed*** Council can *commit* 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.

***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.

***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.

**Village of Malta**  
Morgan County  
Notes to the Financial Statements  
For the Years Ended December 31, 2016 and 2015

**Note 3 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 follow:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 231,362	\$ 251,978	\$ 20,616
Special Revenue	48,403	47,318	(1,085)
Enterprise	1,344,087	1,421,449	77,362
Total	\$ 1,623,852	\$ 1,720,745	\$ 96,893

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 320,442	\$ 220,275	\$ 100,167
Special Revenue	80,642	28,574	52,068
Enterprise	1,688,030	1,444,604	243,426
Total	\$ 2,089,114	\$ 1,693,453	\$ 395,661

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 164,520	\$ 157,999	\$ (6,521)
Special Revenue	48,714	44,157	(4,557)
Enterprise	2,582,251	2,034,455	(547,796)
Total	\$ 2,795,485	\$ 2,236,611	\$ (558,874)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 345,317	\$ 172,764	\$ 172,553
Special Revenue	77,211	31,670	45,541
Enterprise	2,314,218	2,018,396	295,822
Total	\$ 2,736,746	\$ 2,222,830	\$ 513,916

**Note 4 – Deposits and Investments**

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

	2016	2015
Demand deposits	\$ 591,685	\$ 564,651
Total deposits and investments	\$ 591,685	\$ 564,651

**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, 2016 and 2015*

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**Note 5 – Taxes**

***Property Taxes***

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.

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

***Income Taxes***

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.

**Note 6 - 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 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.



**Village of Malta**  
Morgan County  
Notes to the Financial Statements  
For the Years Ended December 31, 2016 and 2015

**Note 6 - Risk Management (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	\$5,531,637	\$5,887,681

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

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

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.

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OPWC - CR25N	\$ 315,856	0.00%
OPWC - CT54Q	359,400	0.00%
OPWC - CT64S	85,154	0.00%
OWDA - 3212	241,029	2.00%
OWDA - 4116	72,158	4.48%
OWDA - 6821	632,897	0.00%
OWDA - 5888	276,556	2.00%
OWDA - 5915	328,076	0.00%
OWDA - 7113	138,372	0.00%
Dump Truck Loan	69,952	3.50%
	\$ 2,519,450	

**Village of Malta**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 9 – Debt (Continued)**

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 Public Works Commission (OPWC) loan CT54Q relates to the sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OPWC approved \$378,315 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$6,305 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 Public Works Commission (OPWC) loan CT64S relates to the sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OPWC approved \$169,000 in a loan to the Village for this project. An amortization schedule has not been established for this loan.

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 6821 relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The prior audit did not include this \$99,206 balance at December 31, 2014. The OWDA approved \$426,756 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$17,607, over 20 years. An amortization schedule has not been established for this loan.

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. 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. An amortization schedule has not been established for this loan.

The OWDA loan 7113 relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved \$174,150 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$4,354, over 20 years. An amortization schedule has not been established for this loan.

The North Valley Bank Dump Truck loan relates to a purchase of a dump truck. The North Valley Bank approved \$70,698 in a loan to the Village for the dump truck. The Village is repaying the loan in monthly installments of \$952, over 7 years.

**Village of Malta**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

**Note 9 – Debt (Continued)**

***Amortization***

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

Year ending December 31:	OPWC - CR25N	OPWC - CT54Q	OWDA - 3212	OWDA - 4116	Dump Truck
2017	\$ 12,634	\$ 12,611	\$ 29,397	\$ 5,882	\$ 11,421
2018	12,634	12,611	29,397	5,882	11,421
2019	12,634	12,611	29,397	5,882	11,421
2020	12,634	12,611	29,397	5,882	11,421
2021	12,634	12,611	29,397	5,882	11,421
2022-2026	63,171	63,056	117,587	29,411	21,890
2027-2031	63,171	63,056	-	29,411	-
2032-2036	63,171	63,056	-	17,647	-
2037-2041	63,175	63,056	-	-	-
2042-2046	-	44,121	-	-	-
Total	<u>\$ 315,858</u>	<u>\$ 359,400</u>	<u>\$ 264,572</u>	<u>\$ 105,879</u>	<u>\$ 78,995</u>

**Note 10 – 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.



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

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

June 16, 2017

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 cash balances, receipts, and disbursements by fund type of the **Village of Malta**, Morgan County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 16, 2017, 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.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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...*"bringing more to the table"*

### **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 did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 16, 2017.

### **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, 2016 and 2015

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**FINDING NUMBER 2016-001**

**Material Weakness**

**Posting Receipts and Disbursements**

The Village should have procedures and controls in place to help prevent and detect errors in financial reporting.

Receipts and disbursements were not always posted correctly. The following posting errors were noted:

- Mayor's Court activity was not properly recorded in an agency fund in 2016 or 2015;
- Sale of fixed asset was recorded as Miscellaneous instead of sale of fixed asset in 2015;
- Intergovernmental receipts were recorded as Miscellaneous in 2015;
- Grant receipts were recorded as debt proceeds in 2016 and 2015;
- Grant income and capital outlay was not recorded in 2016;
- Debt proceeds were recorded as grant receipts in 2015;
- Debt proceeds and capital outlay were not recorded in 2015.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications. The 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 receipts and disbursements are properly identified and classified on the financial statements. We recommend the Village ensure that the account codes used within its accounting system roll-up into the correct line item on the Village's financial statements. We also recommend the Village refer to the Ohio Village Handbook for guidance to determine the proper posting of receipts.

**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, 2016 and 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2014-001	Posting Receipts and Disbursements	No	Not Corrected; Repeated as Finding 2016-001

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# Dave Yost • Auditor of State

VLLAGE 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  
SEPTEMBER 12, 2017