



**VILLAGE OF MALTA
MORGAN COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council
Village of Malta
PO Box 307
Malta, OH 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, 2017 through December 31, 2018. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 6, 2019

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VILLAGE OF MALTA
MORGAN COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 21, 2019

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, 2018 and 2017.

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 such 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, 2018 and 2017, 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Malta, Morgan County as of December 31, 2018 and 2017, and 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 21, 2019, 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, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 9,977	\$ 12,809	\$ 22,786
Municipal Income Tax	85,731	-	85,731
Intergovernmental	64,137	32,910	97,047
Fines, Licenses and Permits	1,982	91	2,073
Earnings on Investments	2,453	1,259	3,712
Miscellaneous	5,220	46,896	52,116
<i>Total Cash Receipts</i>	<u>169,500</u>	<u>93,965</u>	<u>263,465</u>
Cash Disbursements			
Current:			
Security of Persons and Property	194	10,855	11,049
Public Health Services	3,000	-	3,000
Transportation	-	39,638	39,638
General Government	184,637	-	184,637
Capital Outlay	-	19,000	19,000
Debt Service			
Principal Retirement	9,415	-	9,415
Interest and Fiscal Charges	2,006	-	2,006
<i>Total Cash Disbursements</i>	<u>199,252</u>	<u>69,493</u>	<u>268,745</u>
<i>Net Change in Fund Cash Balances</i>	<u>(29,752)</u>	<u>24,472</u>	<u>(5,280)</u>
<i>Fund Cash Balances, January 1</i>	<u>193,133</u>	<u>88,896</u>	<u>282,029</u>
Fund Cash Balances, December 31			
Restricted	-	113,368	113,368
Assigned	710	-	710
Unassigned	162,671	-	162,671
<i>Fund Cash Balances, December 31</i>	<u>\$ 163,381</u>	<u>\$ 113,368</u>	<u>\$ 276,749</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, 2018**

	<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	\$ 539,023	\$ -	\$ 539,023
<i>Total Operating Cash Receipts</i>	<u>539,023</u>	<u>-</u>	<u>539,023</u>
Operating Cash Disbursements			
Personal Services	86,412	-	86,412
Employee Fringe Benefits	24,349	-	24,349
Contractual Services	199,535	-	199,535
Supplies and Materials	56,157	-	56,157
<i>Total Operating Cash Disbursements</i>	<u>366,453</u>	<u>-</u>	<u>366,453</u>
<i>Operating Income</i>	<u>172,570</u>	<u>-</u>	<u>172,570</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	40	-	40
Miscellaneous Receipts	253	-	253
Principal Retirement	(131,777)	-	(131,777)
Interest and Other Fiscal Charges	(12,218)	-	(12,218)
Other Financing Sources	-	3,480	3,480
Other Financing Uses	-	(2,918)	(2,918)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(143,702)</u>	<u>562</u>	<u>(143,140)</u>
<i>Net Change in Fund Cash Balances</i>	28,868	562	29,430
<i>Fund Cash Balances, January 1</i>	<u>458,668</u>	<u>95</u>	<u>458,763</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 487,536</u>	<u>\$ 657</u>	<u>\$ 488,193</u>

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

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 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.

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.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 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 unencumbered 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 2018 budgetary activity appears in Note 3.

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.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 160,925	\$ 169,500	\$ 8,575
Special Revenue	96,025	93,965	(2,060)
Enterprise	568,230	539,316	(28,914)
Total	\$ 825,180	\$ 802,781	\$ (22,399)

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 - Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 350,977	\$ 199,962	\$ 151,015
Special Revenue	137,525	69,493	68,032
Enterprise	1,021,307	511,146	510,161
Total	\$ 1,509,809	\$ 780,601	\$ 729,208

Note 4 – 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:

	2018
Demand deposits	\$ 764,942
Total deposits	\$ 764,942

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Taxes (Continued)

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) (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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 members as of December 31, 2017.

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, 2017. (The latest information available)

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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, 2018.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OPWC - CR25N	\$ 290,588	0.00%
OPWC - CT54Q	334,180	0.00%
OPWC - CT64S	143,335	0.00%
OWDA - 3212	191,135	2.00%
OWDA - 4116	66,678	4.48%
OWDA - 6821	562,467	0.00%
OWDA - 5888	250,682	2.00%
OWDA - 5915	315,310	0.00%
OWDA - 7113	147,381	0.00%
Dump Truck Loan	51,452	3.50%
	\$ 2,353,208	

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.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt (Continued)

The Ohio Public Works Commission (OPWC) loan CT64S relates to the sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OPWC approved \$153,573 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$2,560 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 6821 relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. 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.

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 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, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt (Continued)

Amortization

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

Year ending December 31:	OPWC - CR25N	OPWC - CT54Q	OPWC - CT64S	OWDA - 3212	OWDA - 4116	OWDA - 5888	OWDA - 5915	Dump Truck
2019	\$ 12,634	\$ 12,611	\$ 5,119	\$ 29,397	\$ 5,566	\$ 21,994	\$ 23,356	\$ 11,421
2020	12,634	12,611	5,119	29,397	5,580	21,994	23,356	11,421
2021	12,634	12,611	5,119	29,397	5,595	21,994	23,356	11,421
2022	12,634	12,611	5,119	29,397	5,610	21,994	23,356	11,421
2023	12,634	12,611	5,119	29,397	5,627	21,994	23,356	10,469
2024-2028	63,171	63,052	25,595	73,491	28,403	109,972	116,781	-
2029-2033	63,171	63,052	25,595	-	28,935	65,983	81,749	-
2034-2038	63,171	63,052	25,595	-	5,862	-	-	-
2039-2043	37,905	63,052	25,595	-	-	-	-	-
2044-2048	-	18,917	15,360	-	-	-	-	-
Total	\$ 290,588	\$ 334,180	\$ 143,335	\$ 220,476	\$ 91,178	\$ 285,925	\$ 315,310	\$ 56,153

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.

**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, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 8,835	\$ 11,221	\$ 20,056
Municipal Income Tax	97,196	-	97,196
Intergovernmental	66,871	37,653	104,524
Fines, Licenses and Permits	2,339	79	2,418
Earnings on Investments	1,365	503	1,868
Miscellaneous	9,388	-	9,388
<i>Total Cash Receipts</i>	<u>185,994</u>	<u>49,456</u>	<u>235,450</u>
Cash Disbursements			
Current:			
Security of Persons and Property	-	6,191	6,191
Public Health Services	3,341	-	3,341
Transportation	-	18,470	18,470
General Government	172,152	-	172,152
Debt Service:			
Principal Retirement	9,086	-	9,086
Interest and Fiscal Charges	2,335	-	2,335
<i>Total Cash Disbursements</i>	<u>186,914</u>	<u>24,661</u>	<u>211,575</u>
<i>Net Change in Fund Cash Balances</i>	<u>(920)</u>	<u>24,795</u>	<u>23,875</u>
<i>Fund Cash Balances, January 1 (Restated, see note 10)</i>	<u>194,053</u>	<u>64,101</u>	<u>258,154</u>
Fund Cash Balances, December 31			
Restricted	-	88,896	88,896
Assigned	190,052	-	190,052
Unassigned	3,081	-	3,081
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 193,133</u></u>	<u><u>\$ 88,896</u></u>	<u><u>\$ 282,029</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, 2017**

	<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	\$ 557,855	\$ -	\$ 557,855
<i>Total Operating Cash Receipts</i>	<u>557,855</u>	<u>-</u>	<u>557,855</u>
Operating Cash Disbursements			
Personal Services	93,305	-	93,305
Employee Fringe Benefits	23,725	-	23,725
Contractual Services	137,151	-	137,151
Supplies and Materials	60,273	-	60,273
<i>Total Operating Cash Disbursements</i>	<u>314,454</u>	<u>-</u>	<u>314,454</u>
<i>Operating Income (Loss)</i>	<u>243,401</u>	<u>-</u>	<u>243,401</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	62,736	-	62,736
Earnings on Investments	22	-	22
Other Debt Proceeds	94,843	-	94,843
Miscellaneous Receipts	2,602	-	2,602
Capital Outlay	(154,509)	-	(154,509)
Principal Retirement	(110,807)	-	(110,807)
Interest and Other Fiscal Charges	(13,152)	-	(13,152)
Other Financing Sources	-	2,773	2,773
Other Financing Uses	-	(2,692)	(2,692)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(118,265)</u>	<u>81</u>	<u>(118,184)</u>
<i>Net Change in Fund Cash Balances</i>	125,136	81	125,217
<i>Fund Cash Balances, January 1</i>	<u>333,532</u>	<u>14</u>	<u>333,546</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 458,668</u>	<u>\$ 95</u>	<u>\$ 458,763</u>

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

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 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.

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.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 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 unencumbered 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 2017 budgetary activity appears in Note 3.

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.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 174,566	\$ 185,994	\$ 11,428
Special Revenue	48,614	49,456	842
Enterprise	570,870	718,058	147,188
Total	\$ 794,050	\$ 953,508	\$ 159,458

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 - Budgetary Activity (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 352,521	\$ 188,226	\$ 164,295
Special Revenue	112,715	25,491	87,224
Enterprise	904,402	597,385	307,017
Total	\$ 1,369,638	\$ 811,102	\$ 558,536

Note 4 – 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:

	2017
Demand deposits	\$ 740,792
Total deposits	\$ 740,792

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Taxes (Continued)

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 is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$5,000.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u>
\$ 8,532

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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, 2017.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC - CR25N	\$ 303,222	0.00%
OPWC - CT54Q	346,790	0.00%
OPWC - CT64S	148,454	0.00%
OWDA - 3212	216,330	2.00%
OWDA - 4116	69,479	4.48%
OWDA - 6821	597,682	0.00%
OWDA - 5888	267,412	2.00%
OWDA - 5915	328,076	0.00%
OWDA - 7113	156,088	0.00%
Dump Truck Loan	60,867	3.50%
	<u>\$ 2,494,400</u>	

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 \$153,573 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$2,560 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 6821 relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. 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.

Village of Malta, Ohio
Morgan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt (Continued)

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.

Amortization

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

Year ending December 31:	OPWC - CR25N	OPWC - CT54Q	OPWC - CT64S	OWDA - 3212	OWDA - 4116	OWDA - 5888	OWDA - 5915	Dump Truck
2018	\$ 12,634	\$ 12,611	\$ 5,119	\$ 29,397	\$ 5,566	\$ 21,994	\$ -	\$ 11,421
2019	12,634	12,611	5,119	29,397	5,580	21,994	23,356	11,421
2020	12,634	12,611	5,119	29,397	5,595	21,994	23,356	11,421
2021	12,634	12,611	5,119	29,397	5,610	21,994	23,356	11,421
2022	12,634	12,611	5,119	29,397	5,627	21,994	23,356	11,421
2023-2027	63,171	63,052	25,595	102,888	28,403	109,972	23,356	10,469
2028-2032	63,171	63,052	25,595	-	28,935	98,974	116,781	-
2033-2037	63,171	63,052	25,595	-	5,862	-	94,515	-
2038-2042	50,539	63,052	25,595	-	-	-	-	-
2043-2047	-	31,527	20,479	-	-	-	-	-
Total	\$ 303,222	\$ 346,790	\$ 148,454	\$ 249,873	\$ 91,178	\$ 318,916	\$ 328,076	\$ 67,574

Note 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.

Note 10 – Prior Period Restatement

The following adjustment is reflected in the January 1, 2017 fund balances:

December 31, 2016 audited balances	<u>General Fund</u> \$ 194,038
Adjustment to account for canceled checks	15
January 1, 2017 balances	<u>\$ 194,053</u>

The Village canceled checks that were outstanding and reissued new checks.



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740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

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

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

June 21, 2019

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, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 21, 2019, 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 findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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. We consider finding 2018-001 as described in the accompanying schedule of audit findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-002 described in the accompanying schedule of audit findings to be a significant deficiency.

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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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2018-002 and 2018-003.

We did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 21, 2019.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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, 2018 and 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness

Financial Statement Preparation and Fund Balance Classification

Accurate financial reporting is the responsibility of the Administrative Agent and is essential to ensure information provided to the readers of the financial statements is correct. Fund Balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

Receipts, disbursements and fund balances were not always posted or classified correctly. The following error was noted:

- Mayor's Court activity was not properly recorded in an agency fund in 2018 or 2017;
- Unassigned fund balance was recorded in the general fund in 2018 and 2017 when a portion should have been assigned for encumbrances and/or budget carryover.
- Principal and interest were improperly recorded in 2018 and 2017; and
- Debt proceeds and capital outlay were not recorded in 2017.

Not posting receipts and disbursements or classifying fund balances 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 that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and disbursements are properly identified and classified on the financial statements.

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

FINDING NUMBER 2018-002

Significant Deficiency/Noncompliance

Ohio Revised Code Section 5705.09 states that each subdivision must establish the following funds:

- General fund;
- Sinking fund whenever the subdivision has outstanding bonds other than serial bonds;
- Bond retirement fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- A special fund for each special levy;
- A special bond fund for each bond issue;
- A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;
- A special fund for each public utility operated by a subdivision;
- A trust fund for any amount received by a subdivision in trust.

The Village receives Permissive Motor Vehicle License Tax funds, however, the Village has not established a Permissive Motor Vehicle License Tax Fund for tracking the receipt and expenditure of this special revenue source.

Village of Malta
Morgan County

Schedule of Audit Findings
For the Years Ended December 31, 2018 and 2017

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2018-002 (Continued)

Significant Deficiency/Noncompliance (Continued)

We recommend the Village establish a Permissive Motor Vehicle License Tax Fund in the Village's accounting system and begin tracking revenues and expenditures within the fund.

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

FINDING NUMBER 2018-003

Noncompliance

Ohio Revised Code 733.40 requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- Mayor's Court remittances were not made timely to the Village's General Fund. These weaknesses could allow recording errors and irregularities to occur and remain undetected.

We recommend the Village distribute the correct fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates.

Management's Response – Recommendation will be passed on to the Mayor's Court Clerk.

Village of Malta
Morgan County

Schedule of Prior Audit Findings
For the Years Ended December 31, 2018 and 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Posting Receipts and Disbursements	Not Corrected	Repeated as Finding 2018-001

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OHIO AUDITOR OF STATE KEITH FABER



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
SEPTEMBER 19, 2019