





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Malinta  
Henry County  
P.O. Box 69  
103 ½ North Turkeyfoot Avenue  
Malinta, Ohio 43535-0069

We have performed the procedures enumerated below on the Village of Malinta, Henry County, Ohio's (the Village) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2022 and 2021 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2022 and 2021 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village.

The Village Council, Mayor and the management of the Village have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2022 and 2021, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

### Cash and Investments

1. We recalculated the December 31, 2022 and December 31, 2021 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2021 beginning fund balances for each fund recorded in the Fund Status Report to the December 31, 2020 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2022 beginning fund balances for each fund recorded in the Fund Status Report to the December 31, 2021 balances in the Fund Status Report. We found no exceptions.

3. We agreed the 2022 and 2021 bank reconciliation adjusted UAN Balances and Adjusted Bank Balances as of December 31, 2022 and 2021 to the total fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2022 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2022 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2022 bank reconciliation:
  - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
  - b. We traced the amounts and dates to the check register and determined the debits were dated prior to December 31. We found no exceptions.
6. We inspected investments held at December 31, 2022 and December 31, 2021 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14, 135.144 or 135.145. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. We found no exceptions.

#### **Property Taxes and Intergovernmental Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the Henry County Payment Listing for 2022 and a total of five from 2021:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We inspected the Receipt Detail Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. There was \$39 of real estate property tax monies incorrectly posted as charges for services in the Sewer Operating fund. This error has been corrected in the Villages accounting system. However, because we did not inspect all property taxes and intergovernmental receipts, our report provides no assurance regarding whether or not other similar errors occurred.
  - c. We inspected the Receipt Detail Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2022 and 2021. The Receipt Detail Report included the proper number of tax receipts for each year. We found no exceptions.

#### **Income Tax Receipts**

1. We obtained the August and December 2022 Monthly Distribution reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Receipt Detail Report. The amounts agreed.
2. We obtained the original income tax ordinance which set the rate and effective period. The original ordinance was dated in 1993. The latest (council or voter) approved amendment for the engagement period was dated in 2016. We agreed the most recent approved rate to the rate on RITA's supporting documentation. We found no exceptions.

3. We selected five income tax returns filed during 2022 and five from 2021.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the Daily Payments Entered Report. The amounts agreed.
  - b. We compared the cash register tape total from procedure a. to the amount recorded as income tax receipts in the Receipt Detail Report for that date. The amounts agreed.
  - c. We compared the date of the receipts to the date the receipts was posted in the Receipt Detail Report to determine whether the receipts were recorded in the year received. We found no exceptions.
  - d. We obtained the original income tax ordinance which set the rate and effective period. The original ordinance was dated in 1993. The latest (council or voter) approved amendment for the engagement period was dated in 2016. We agreed the most recent approved rate to the rate used on the income tax return. We found no exceptions.
4. We selected five income tax refunds from 2022 and five from 2021.
  - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We observed the approval by Tax Administrator on each of the refunds. We found no exceptions.
  - c. We observed the refunds were paid from the Income Tax Fund, as is required.

#### **Water and Sewer Fund**

1. We selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2022 and 10 Water Operating and Sewer Operating Fund collection cash receipts from the year ended December 31, 2021 recorded in the Receipt Detail Report and determined whether the:
  - a. Receipt amount per the Receipt Detail Report agreed to the amount recorded to the credit of the customer's account in the Utility Payments Edit Summary Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Billing Register for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the engagement period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties. We found no exceptions.
  - c. Receipt was posted to the proper funds and was recorded in the year received. We found no exceptions.
2. We observed the Utility Billing Aging Report.
  - a. This report listed \$8,162 and \$27,548 of accounts receivable as of December 31, 2022 and 2021, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$1,436 and \$11,593 were recorded as more than 90 days delinquent.
3. We observed the Utility Payments Edit Summary Report.
  - a. This report listed a total of \$5,213 and \$1,877 of non-cash receipts adjustments for the years ended December 31, 2022 and 2021, respectively.
  - b. We selected five non-cash adjustments from 2022 and five non-cash adjustments from 2021, and observed that the President of the Board of Public Affairs approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2020.
  - a. These amounts agreed to the Village's January 1, 2021 balances on the summary we used in procedure 3.
  - b. We inspected the debt's final offering documents for all outstanding debt, and we confirmed the Village was in compliance with the debt covenants listed below.

Issue	Principal outstanding as of December 31, 2020:	Debt Covenant
U.S. Department of Agriculture Loan	\$1,112,100	Default in payment may result in the remaining loan balance and accrued interest due immediately per the Loan Resolution.
Ohio Public Works Commission Loan #CE38R	\$18,238	Failure to make payments when due will result in the amount due to bear interest at the rate of eight percent and the remaining principal and accrued interest shall become immediately due and payable per the Promissory Note.

2. We inquired of management and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2022 or 2021 or debt payment activity during 2022 or 2021. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2022 and 2021 and agreed principal and interest payments from the related debt amortization schedules to Other Capital Projects, Sewer Operating, and Enterprise Debt Service Reserve fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds received for 2021 from the debt documents to amounts recorded in the Sewer fund per the Receipt Detail Report. Debt proceeds and principal retirement and fiscal charges expenditures made on-behalf of the Village by OWDA in the amount of \$1,026,525 were not posted to the accounting system by the Village.
5. For new debt issued during 2022 and 2021, we inspected the debt legislation, which stated the Village must use the proceeds to pay off the USDA Rural Development Loan. We inspected debt documentation and observed the Village paid off the loan in October of 2021. We found no exceptions.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2022 and one payroll check for five employees from 2021 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the [employees' personnel files and/or minute record. We found no exceptions.
  - c. We confirmed the payment was posted to the proper year. We found no exceptions.
  
2. We selected three new employees and Council Members from 2022 and three new employees and Council Members from 2021 and:
  - a. We inspected the personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
  - b. We agreed the items in a above to the Wage Detail Report.
 We found no exceptions.
  
3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2022 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2022. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes and Medicare	January 31, 2023	December 31, 2022	\$487.99	\$487.99
State income taxes	January 31, 2023	December 31, 2022	\$1,598.36	\$1,598.36
Village of Malinta income tax	January 31, 2023	December 31, 2022	\$1,885.75	\$1,885.75
OPERS retirement	January 31, 2023	December 31, 2022	\$229.04	\$229.04
School District income tax	January 31, 2023	December 31, 2022	\$148.05	\$148.05

We found no exceptions.

**Non-Payroll Cash Disbursements**

- We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2022 and 10 from the year ended December 31, 2021 and determined whether:
- a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

### **Compliance – Budgetary**

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2022 and 2021 for the General, Income Tax, and Water Operating fund as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations.
2. We inspected all interfund transfers from 2022 and all from 2021 Interfund Transfer Listing Reports for compliance with Ohio Rev. Code §§ 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2022 and 2021 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the Village's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Village management and determined that the Village did not have any public records requests (completed, denied, or redacted) during the engagement period.
3. We inquired whether the Village had a records retention schedule and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the Village's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the Village's poster describing their Public Records Policy was displayed conspicuously in all branches of the Village as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected individual proof of attendance and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We found no exceptions.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.



10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
- Prepared – a file is created following the date of the meeting
  - Filed – placed with similar documents in an organized manner
  - Maintained - retained, at a minimum, for the engagement period
  - Open to public inspection – available for public viewing or request.
- We found no exceptions.

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
- Executive sessions were only held at regular or special meetings.
  - The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - Formal governing board actions were adopted in open meetings.
- We found no exceptions.

### **HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance**

We inquired of management and those charged with governance and documented how the Village decided to spend their CRF allocations and how the Village documented their compliance with the CARES Act three-prong test. We then selected all transactions including payroll, non-payroll, and subgrant/subloan transactions. and determined the Village:

- Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
- Maintained appropriate supporting documentation.

All transactions, totaling \$3,698, did not comply with the program requirement that costs must be incurred by December 31, 2021.

### **Other Compliance**

- Ohio Rev. Code § 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2022 and 2021 in the Hinkle system. Fiscal year 2021 financial information was filed on April 4, 2022, which was not within the allotted timeframe.
- We inquired of the fiscal officer to determine whether the fiscal officer obtained the training required by Ohio Rev. Code §§ 507.12 and 733.81. Fiscal Officer obtained the required training.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Village and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

July 6, 2023

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MALINTA**

**HENRY COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 7/27/2023**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)