



**Auditor of State
Betty Montgomery**

VILLAGE OF MALINTA
HENRY COUNTY

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**Auditor of State
Betty Montgomery**

Village of Malinta
Henry County
103½ N. Turkeyfoot Ave., P.O. Box 69
Malinta, Ohio 43535-0069

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Betty Montgomery
Auditor of State

November 9, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Malinta
Henry County
103½ N. Turkeyfoot Ave., P.O. Box 69
Malinta, Ohio 43535-0069

To the Village Council:

We have audited the accompanying financial statements of the Village of Malinta, Henry County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Malinta, Henry County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2005 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

November 9, 2005

**VILLAGE OF MALINTA
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$65,439	\$1,332		\$66,771
Intergovernmental Receipts	14,738	11,361	\$25,033	51,132
Charges for Services			3,555	3,555
Fines, Licenses, and Permits	757			757
Earnings on Investments	2,758	19		2,777
Miscellaneous		180		180
Total Cash Receipts	<u>83,692</u>	<u>12,892</u>	<u>28,588</u>	<u>125,172</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	7,864	1,000		8,864
Leisure Time Activities	2,276			2,276
Community Environment	700			700
Basic Utility Services	824			824
Transportation	1,062	11,617		12,679
General Government	36,534			36,534
Capital Outlay	2,000	300	40,902	43,202
Total Cash Disbursements	<u>51,260</u>	<u>12,917</u>	<u>40,902</u>	<u>105,079</u>
Total Receipts Over/(Under) Disbursements	<u>32,432</u>	<u>(25)</u>	<u>(12,314)</u>	<u>20,093</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		500	17,861	18,361
Other Financing Receipts	542			542
Transfers-Out	(19,039)			(19,039)
Other Financing Disbursements	(846)			(846)
Total Other Financing Receipts/(Disbursements)	<u>(19,343)</u>	<u>500</u>	<u>17,861</u>	<u>(982)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	13,089	475	5,547	19,111
Fund Cash Balances, January 1	<u>13,297</u>	<u>1,569</u>	<u>137,422</u>	<u>152,288</u>
Fund Cash Balances, December 31	<u>\$26,386</u>	<u>\$2,044</u>	<u>\$142,969</u>	<u>\$171,399</u>
Reserves for Encumbrances, December 31	<u>\$297</u>	<u>\$428</u>	<u>\$31</u>	<u>\$756</u>

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$160,402
Operating Cash Disbursements:	
Personal Services	14,001
Fringe Benefits	2,586
Contractual Services	54,680
Supplies and Materials	2,898
Other	1,713
Capital Outlay	7,225
Total Operating Cash Disbursements	83,103
Operating Income	77,299
Non-Operating Cash Receipts:	
Intergovernmental Receipts	38,156
Non-Operating Cash Disbursements:	
Debt Service	104,998
Other Non-Operating Cash Disbursements	3,609
Total Non-Operating Cash Disbursements	108,607
Excess of Receipts Over Disbursements Before Interfund Transfers	6,848
Transfers-In	678
Net Receipts Over Disbursements	7,526
Fund Cash Balances, January 1	53,720
Fund Cash Balances, December 31	\$61,246
Reserve for Encumbrances, December 31	\$360

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$63,934	\$1,423		\$65,357
Intergovernmental Receipts	13,612	9,434		23,046
Charges for Services			\$10,000	10,000
Fines, Licenses, and Permits	1,170			1,170
Earnings on Investments	5,140	10		5,150
Miscellaneous	1,836	284	8,100	10,220
	<u>85,692</u>	<u>11,151</u>	<u>18,100</u>	<u>114,943</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	8,126	767		8,893
Leisure Time Activities	2,567			2,567
Community Environment	650			650
Basic Utility Services	889			889
Transportation	678	11,338		12,016
General Government	43,278			43,278
Capital Outlay	430	285	109,517	110,232
	<u>56,618</u>	<u>12,390</u>	<u>109,517</u>	<u>178,525</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>29,074</u>	<u>(1,239)</u>	<u>(91,417)</u>	<u>(63,582)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		2,000	17,977	19,977
Transfers-Out	(20,628)			(20,628)
Other Financing Disbursements	(480)			(480)
	<u>(21,108)</u>	<u>2,000</u>	<u>17,977</u>	<u>(1,131)</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,966	761	(73,440)	(64,713)
Fund Cash Balances, January 1	<u>5,331</u>	<u>808</u>	<u>210,862</u>	<u>217,001</u>
Fund Cash Balances, December 31	<u>\$13,297</u>	<u>\$1,569</u>	<u>\$137,422</u>	<u>\$152,288</u>
Reserves for Encumbrances, December 31				

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$151,995
Operating Cash Disbursements:	
Personal Services	14,076
Fringe Benefits	2,675
Contractual Services	59,067
Supplies and Materials	3,949
Other	1,235
Capital Outlay	10,000
Total Operating Cash Disbursements	91,002
Operating Income	60,993
Non-Operating Cash Receipts:	
Intergovernmental Receipts	44,031
Non-Operating Cash Disbursements:	
Debt Service	109,718
Excess of Disbursements Over Receipts Before Interfund Transfers	(4,694)
Transfers-In	651
Net Disbursements Over Receipts	(4,043)
Fund Cash Balances, January 1	57,763
Fund Cash Balances, December 31	\$53,720
Reserve for Encumbrances, December 31	

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Malinta, Henry County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, water utilities, park operations, and police services.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Capital Improvement Fund - This fund receives proceeds of the local income tax to be used for capital improvements of the Village.

Park Grant Construction Fund - This fund receives donations and grant monies to be used for the purchase and installation of new playground equipment and other renovations at the Village park.

Other Capital Projects Fund - This fund's revenue is used for capital improvements relating to the Village's water utility.

4. 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 Fund:

Water Fund - This fund receives charges for services from residents to cover water service costs.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. Encumbrances

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

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

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

	2004	2003
Demand deposits	\$126,013	\$39,712
Certificates of deposit	106,632	166,296
Total deposits	\$232,645	\$206,008

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,985	\$84,234	(\$44,751)
Special Revenue	16,185	13,392	(2,793)
Capital Projects	61,983	46,449	(15,534)
Enterprise	200,800	199,236	(1,564)
Total	\$407,953	\$343,311	(\$64,642)

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$138,305	\$71,442	\$66,863
Special Revenue	16,025	13,345	2,680
Capital Projects	111,623	40,933	70,690
Enterprise	222,148	192,070	30,078
Total	<u>\$488,101</u>	<u>\$317,790</u>	<u>\$170,311</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$140,791	\$85,692	(\$55,099)
Special Revenue	15,860	13,151	(2,709)
Capital Projects	66,100	36,077	(30,023)
Enterprise	213,200	196,677	(16,523)
Total	<u>\$435,951</u>	<u>\$331,597</u>	<u>(\$104,354)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,674	\$77,726	\$62,948
Special Revenue	16,852	12,390	4,462
Capital Projects	152,000	109,517	42,483
Enterprise	224,688	200,720	23,968
Total	<u>\$534,214</u>	<u>\$400,353</u>	<u>\$133,861</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one 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 quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$829,316	7.00%

The Ohio Water Development Authority (OWDA) loan relates to a water main line and tank expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved a \$1,216,411 loan to the Village for this project back in 1990. The Village will repay the loan in semiannual installments of \$52,580, including interest, over 25 years. The Village is responsible for this loan. However, the Village entered into a contract with the City of Napoleon and is receiving \$39,511 annually from the City toward the retirement of this debt. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization of the above debt, including interest, follows:

<u>Year ending December 31:</u>	<u>OWDA Loan</u>
2005	\$105,335
2006	105,700
2007	106,092
2008	106,515
2009	106,970
2010-2014	543,029
2015-2016	166,014
Total	\$1,239,655

7. RETIREMENT SYSTEMS

The Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**VILLAGE OF MALINTA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

8. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (Members).

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5 percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5 percent or \$25,000 of casualty losses and the lesser of 5 percent or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31:

	<u>2004</u>	<u>2003</u>
Assets	\$6,685,522	\$5,402,167
Liabilities	<u>2,227,808</u>	<u>1,871,123</u>
Members' Equity	<u>\$4,457,714</u>	<u>\$3,531,044</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

9. CONTINGENT LIABILITY

The Village is a defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, they believe the resolution of this matter will not materially adversely affect the Village's financial condition.



**Auditor of State
Betty Montgomery**

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

Village of Malinta
Henry County
103½ N. Turkeyfoot Ave., P.O. Box 69
Malinta, Ohio 43535-0069

To the Village Council:

We have audited the financial statements of the Village of Malinta, Henry County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated November 9, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated November 9, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Village Council. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

November 9, 2005



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

VILLAGE OF MALINTA

HENRY 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
DECEMBER 1, 2005**