



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF MALINTA
HENRY COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

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 Malinta, Henry County, Ohio (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.

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, and the respective 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 Malinta, Henry County, Ohio, as of December 31, 2018 and 2017, 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 12, 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.



Keith Faber
Auditor of State

Columbus, Ohio

June 12, 2019

Village of Malinta, Ohio
Henry 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

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|-----------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$8,308 | \$1,944 | | \$10,252 |
| Municipal Income Tax | | 57,354 | | 57,354 |
| Intergovernmental | 11,464 | 11,331 | | 22,795 |
| Charges for Services | 1,872 | | | 1,872 |
| Fines, Licenses and Permits | 2,510 | | | 2,510 |
| Earnings on Investments | 702 | | | 702 |
| Miscellaneous | 59 | | | 59 |
| <i>Total Cash Receipts</i> | <u>24,915</u> | <u>70,629</u> | | <u>95,544</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 10,905 | | | 10,905 |
| Leisure Time Activities | 3,267 | | | 3,267 |
| Community Environment | 928 | | | 928 |
| Basic Utility Services | 1,800 | | | 1,800 |
| Transportation | 2,241 | 11,934 | | 14,175 |
| General Government | 51,702 | 3,046 | | 54,748 |
| Capital Outlay | 500 | | \$10,085 | 10,585 |
| Debt Service: | | | | |
| Principal Retirement | | | 730 | 730 |
| <i>Total Cash Disbursements</i> | <u>71,343</u> | <u>14,980</u> | <u>10,815</u> | <u>97,138</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(46,428)</u> | <u>55,649</u> | <u>(10,815)</u> | <u>(1,594)</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Transfers In | 42,000 | | 18,000 | 60,000 |
| Transfers Out | | (60,000) | | (60,000) |
| Other Financing Sources | 546 | | | 546 |
| Other Financing Uses | (807) | | | (807) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>41,739</u> | <u>(60,000)</u> | <u>18,000</u> | <u>(261)</u> |
| <i>Net Change in Fund Cash Balances</i> | (4,689) | (4,351) | 7,185 | (1,855) |
| <i>Fund Cash Balances, January 1</i> | <u>28,903</u> | <u>26,246</u> | <u>173,877</u> | <u>229,026</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | | 6,352 | | 6,352 |
| Committed | | 15,543 | 181,062 | 196,605 |
| Assigned | 20,578 | | | 20,578 |
| Unassigned | 3,636 | | | 3,636 |
| <i>Fund Cash Balances, December 31</i> | <u>\$24,214</u> | <u>\$21,895</u> | <u>\$181,062</u> | <u>\$227,171</u> |

See accompanying notes to the basic financial statements

Village of Malinta, Ohio
Henry County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2018

| | <u>Proprietary</u> |
|---|--------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$325,960 |
| Operating Cash Disbursements | |
| Personal Services | 28,384 |
| Employee Fringe Benefits | 2,746 |
| Contractual Services | 79,216 |
| Supplies and Materials | 7,528 |
| Other | 900 |
| <i>Total Operating Cash Disbursements</i> | <i>118,774</i> |
| <i>Operating Income</i> | <i>207,186</i> |
| Non-Operating Receipts (Disbursements) | |
| Capital Outlay | (15,867) |
| Principal Retirement | (17,346) |
| Interest and Other Fiscal Charges | (47,969) |
| Other Financing Sources | 173 |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <i>(81,009)</i> |
| <i>Net Change in Fund Cash Balances</i> | <i>126,177</i> |
| <i>Fund Cash Balances, January 1</i> | <i>550,853</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$677,030</i> |

See accompanying notes to the basic financial statements

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

Note 1 - Reporting Entity

The Village of Malinta (the Village), Henry 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, park operations, and contracts for police services with the neighboring Village of Deshler, Ohio.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this 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 balance (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

State Highway Fund The state highway fund accounts for and reports that portion of the gas tax and motor vehicle tax money for maintaining state highways within the Village.

Income Tax Fund The income tax fund accounts for the 1 percent municipal income tax levied on 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.

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

Permissive Motor Vehicle License Fund The permissive motor vehicle license fund receives permissive tax revenue for constructing, maintaining and repairing roads in the Village.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Other Capital Projects Fund The other capital projects fund receives municipal income tax revenue for capital improvements within the Village.

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

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents to cover sanitary sewer costs.

Enterprise Debt Service Reserve Fund This fund accounts for a one-year's payment to be set aside as required by the USDA for the Village's Sanitary Sewer Improvement loan.

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 be budgeted annually.

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

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 re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village values Certificates of deposits at cost.

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.

Accumulated Leave

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

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:

Non-spendable The Village classifies assets as *non-spendable* 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.

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

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 | \$55,189 | \$67,461 | \$12,272 |
| Special Revenue | 73,950 | 70,629 | (3,321) |
| Capital Projects | 16,200 | 18,000 | 1,800 |
| Enterprise | 314,200 | 326,133 | 11,933 |
| Total | \$459,539 | \$482,223 | \$22,684 |

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$76,800 | \$73,013 | \$3,787 |
| Special Revenue | 79,775 | 75,195 | 4,580 |
| Capital Projects | 96,466 | 10,815 | 85,651 |
| Enterprise | 392,960 | 201,468 | 191,492 |
| Total | \$646,001 | \$360,491 | \$285,510 |

Note 4 – Deposits

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

| | |
|--|-------------------|
| Demand deposits | 2018 \$764,229 |
| Certificates of deposit | 133,867 |
| Other time deposits (savings and NOW accounts) | 6,105 |
| Total deposits | \$904,201 |

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

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.

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. A credit of 0.5% is given to residents for taxes paid to another city.

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.

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

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.

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All 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.

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

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

| | Principal | Interest Rate |
|--|-------------|---------------|
| U.S. Department of Agriculture Loan | \$1,146,700 | 4.125% |
| Ohio Public Works Commission Loan #CE38R | 19,697 | 0% |
| Ohio Public Works Commission Loan #CE24T | 33,260 | 0% |
| Total | \$1,199,657 | |

The U.S. Department of Agriculture (USDA) Loan in the amount of \$1,235,000 was accepted on July 5, 2011. The loan paid off the Ohio Water Development Authority (OWDA) Loan #5311. The loan relates to the wastewater system design project the Ohio Environmental Protection Agency mandated. A covenant for this loan requires the Village to establish and fund a debt service fund, which is included as an enterprise fund. The balance in the fund at December 31, 2016 is \$65,000. The loan carries an interest rate of 4.125% with maturity set in 2051.

The Ohio Public Works Commission (OPWC) Loan #CE38R relates to Phase 2 of the storm water improvement project. The OPWC has approved \$21,885 in interest free loans to the Village for this project. The loan will be repaid in semiannual installments of \$365 over 30 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) Loan #CE24TR relates to a Joint Waterline Loop Extension & Meter project. This was a joint project with the Villages of Deshler and Hamler. Phase 1 of the project was completed in 2017 and will be repaid with annual payment to the Village of Deshler of \$1,147. This is 25% of the joint debt for 30 years beginning in 2018 with a maturity of 2048. The loan will be secured by the Village's water and sewer funds.

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

Amortization

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

| Year Ending December 31: | USDA Loan | OPWC Loan #CE38R | OPWC Loan #CE38R |
|-----------------------------|--------------------|---------------------|---------------------|
| 2019 | \$64,201 | \$730 | \$1,147 |
| 2020 | 64,304 | 730 | 1,147 |
| 2021 | 64,174 | 730 | 1,147 |
| 2022 | 64,219 | 730 | 1,147 |
| 2023 | 64,231 | 730 | 1,147 |
| 2024-2028 | 321,052 | 3,650 | 5,735 |
| 2029-2033 | 321,071 | 3,650 | 5,735 |
| 2034-2038 | 321,146 | 3,650 | 5,735 |
| 2039-2043 | 321,115 | 3,650 | 5,735 |
| 2044-2046 | 321,040 | 1,447 | 4,585 |
| 2048-2051 | 192,667 | | |
| Total | <u>\$2,119,220</u> | <u>\$19,697</u> | <u>\$33,260</u> |

Note 11 – Interfund Transfers

During the year, the following transfers in and out occurred:

| <u>Operating Unit - Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|--|--------------------|---------------------|
| General Fund | \$42,000 | |
| Special Revenue - Income Tax Fund | | \$60,000 |
| Capital Projects - Other Capital Projects Fund | 18,000 | |
| Total | <u>\$60,000</u> | <u>\$60,000</u> |

Transfers were made from the Income Tax Fund in accordance with the Village’s income tax ordinance.

Village of Malinta, Ohio
Henry 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

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|-----------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$6,919 | \$1,887 | | \$8,806 |
| Municipal Income Tax | | 61,156 | | 61,156 |
| Intergovernmental | 11,505 | 11,212 | \$48,180 | 70,897 |
| Charges for Services | 2,228 | | | 2,228 |
| Earnings on Investments | 654 | | | 654 |
| Miscellaneous | 1,739 | 25 | 4,390 | 6,154 |
| <i>Total Cash Receipts</i> | <u>23,045</u> | <u>74,280</u> | <u>52,570</u> | <u>149,895</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 5,662 | | | 5,662 |
| Leisure Time Activities | 3,088 | | | 3,088 |
| Community Environment | 928 | | | 928 |
| Basic Utility Services | 2,654 | | | 2,654 |
| Transportation | 2,742 | 13,888 | | 16,630 |
| General Government | 58,868 | 1,222 | | 60,090 |
| Capital Outlay | | | 105,719 | 105,719 |
| Debt Service: | | | | |
| Principal Retirement | | | 730 | 730 |
| <i>Total Cash Disbursements</i> | <u>73,942</u> | <u>15,110</u> | <u>106,449</u> | <u>195,501</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(50,897)</u> | <u>59,170</u> | <u>(53,879)</u> | <u>(45,606)</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Other Debt Proceeds | | | 34,407 | 34,407 |
| Transfers In | 37,800 | | 16,200 | 54,000 |
| Transfers Out | | (54,000) | | (54,000) |
| Other Financing Sources | 13,637 | | | 13,637 |
| Other Financing Uses | (1,270) | | | (1,270) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>50,167</u> | <u>(54,000)</u> | <u>50,607</u> | <u>46,774</u> |
| <i>Net Change in Fund Cash Balances</i> | (730) | 5,170 | (3,272) | 1,168 |
| <i>Fund Cash Balances, January 1</i> | <u>29,633</u> | <u>21,076</u> | <u>177,149</u> | <u>227,858</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | | 5,011 | | 5,011 |
| Committed | | 21,235 | 173,877 | 195,112 |
| Assigned | 21,611 | | | 21,611 |
| Unassigned | 7,292 | | | 7,292 |
| <i>Fund Cash Balances, December 31</i> | <u>\$28,903</u> | <u>\$26,246</u> | <u>\$173,877</u> | <u>\$229,026</u> |

See accompanying notes to the basic financial statements

Village of Malinta, Ohio
Henry County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2017

| | Proprietary |
|---|-------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$325,903 |
| Operating Cash Disbursements | |
| Personal Services | 33,779 |
| Employee Fringe Benefits | 3,757 |
| Contractual Services | 107,916 |
| Supplies and Materials | 16,101 |
| Other | 546 |
| <i>Total Operating Cash Disbursements</i> | 162,099 |
| <i>Operating Income</i> | 163,804 |
| Non-Operating Disbursements | |
| Capital Outlay | (14,671) |
| Principal Retirement | (15,600) |
| Interest and Other Fiscal Charges | (48,613) |
| <i>Total Non-Operating Disbursements</i> | (78,884) |
| <i>Net Change in Fund Cash Balances</i> | 84,920 |
| <i>Fund Cash Balances, January 1</i> | 465,933 |
| <i>Fund Cash Balances, December 31</i> | \$550,853 |

See accompanying notes to the basic financial statements

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

Note 1 - Reporting Entity

The Village of Malinta (the Village), Henry 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, park operations, and contracts for police services with the neighboring Village of Deshler, Ohio.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this 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 balance (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

State Highway Fund The state highway fund accounts for and reports that portion of the gas tax and motor vehicle tax money for maintaining state highways within the Village.

Income Tax Fund The income tax fund accounts for the 1 percent municipal income tax levied on 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.

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

Permissive Motor Vehicle License Fund The permissive motor vehicle license fund receives permissive tax revenue for constructing, maintaining and repairing roads in the Village.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Other Capital Projects Fund The other capital projects fund receives municipal income tax revenue for capital improvements within the Village.

OPWC Fund This fund receives money from OPWC to assist with the funding of projects throughout the Village.

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

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents to cover sanitary sewer costs.

Enterprise Debt Service Reserve Fund This fund accounts for a one-year's payment to be set aside as required by the USDA for the Village's Sanitary Sewer Improvement loan.

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 be budgeted annually.

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village values Certificates of deposits at cost.

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.

Accumulated Leave

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

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:

Non-spendable The Village classifies assets as *non-spendable* 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.

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

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 | \$60,085 | \$74,482 | \$14,397 |
| Special Revenue | 74,100 | 74,280 | 180 |
| Capital Projects | 113,160 | 103,177 | (9,983) |
| Enterprise | 584,507 | 325,903 | (258,604) |
| Total | \$831,852 | \$577,842 | (\$254,010) |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$90,174 | \$75,212 | \$14,962 |
| Special Revenue | 75,159 | 69,110 | 6,049 |
| Capital Projects | 187,935 | 106,449 | 81,486 |
| Enterprise | 371,713 | 240,983 | 130,730 |
| Total | \$724,981 | \$491,754 | \$233,227 |

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

Note 4 – Deposits

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

| | |
|--|-------------------------|
| | <u>2017</u> |
| Demand deposits | \$640,246 |
| Certificates of deposit | 133,533 |
| Other time deposits (savings and NOW accounts) | <u>6,100</u> |
| Total deposits | <u><u>\$779,879</u></u> |

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.

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. A credit of 0.5% is given to residents for taxes paid to another city.

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.

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

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.

| | |
|-----------------|---------------------|
| 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.

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All 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 Malinta, Ohio
Henry 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:

| | Principal | Interest Rate |
|--|-------------|---------------|
| U.S. Department of Agriculture Loan | \$1,162,900 | 4.125% |
| Ohio Public Works Commission Loan #CE38R | 20,426 | 0% |
| Ohio Public Works Commission Loan #CE24T | 34,407 | 0% |
| Total | \$1,217,733 | |

The U.S. Department of Agriculture (USDA) Loan in the amount of \$1,235,000 was accepted on July 5, 2011. The loan paid off the Ohio Water Development Authority (OWDA) Loan #5311. The loan relates to the wastewater system design project the Ohio Environmental Protection Agency mandated. A covenant for this loan requires the Village to establish and fund a debt service fund, which is included as an enterprise fund. The balance in the fund at December 31, 2016 is \$65,000. The loan carries an interest rate of 4.125% with maturity set in 2051.

The Ohio Public Works Commission (OPWC) Loan #CE38R relates to Phase 2 of the storm water improvement project. The OPWC has approved \$21,885 in interest free loans to the Village for this project. The loan will be repaid in semiannual installments of \$365 over 30 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) Loan #CE24TR relates to a Joint Waterline Loop Extension & Meter project. This was a joint project with the Villages of Deshler and Hamler. Phase 1 of the project was completed in 2017 and will be repaid with annual payment to the Village of Deshler of \$1,147. This is 25% of the joint debt for 30 years beginning in 2018 with a maturity of 2048. The loan will be secured by the Village's water and sewer funds.

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

Amortization

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

| Year Ending December 31: | USDA Loan | OPWC Loan #CE38R | OPWC Loan #CE38R |
|-----------------------------|--------------------|---------------------|---------------------|
| 2018 | \$64,170 | \$730 | \$1,147 |
| 2019 | 64,201 | 730 | 1,147 |
| 2020 | 64,304 | 730 | 1,147 |
| 2021 | 64,174 | 730 | 1,147 |
| 2022 | 64,219 | 730 | 1,147 |
| 2023-2027 | 321,107 | 3,650 | 5,735 |
| 2028-2032 | 321,020 | 3,650 | 5,735 |
| 2033-2037 | 321,120 | 3,650 | 5,735 |
| 2038-2042 | 321,082 | 3,650 | 5,735 |
| 2043-2047 | 321,139 | 2,176 | 5,732 |
| 2048-2051 | 256,854 | | |
| Total | <u>\$2,183,390</u> | <u>\$20,426</u> | <u>\$34,407</u> |

Note 10 – Interfund Transfers

During the year, the following transfers in and out occurred:

| <u>Operating Unit - Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|--|--------------------|---------------------|
| General Fund | \$37,800 | |
| Special Revenue - Income Tax Fund | | \$54,000 |
| Capital Projects - Other Capital Projects Fund | 16,200 | |
| Total | <u>\$54,000</u> | <u>\$54,000</u> |

Transfers were made from the Income Tax Fund in accordance with the Village’s income tax ordinance.

OHIO AUDITOR OF STATE KEITH FABER



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

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

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 Malinta, Henry County, Ohio (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 12, 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

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

Village's Response to Finding

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

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

June 12, 2019

**VILLAGE OF MALINTA
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the years ended December 31, 2018 and 2017:

- 2018 General Fund assigned fund balance in the amount of \$19,715 for subsequent year appropriations in excess of estimated receipts has been reclassified from unassigned in accordance with the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179);
- 2017 General Fund assigned fund balance in the amount of \$21,611 for subsequent year appropriations in excess of estimated receipts has been reclassified from unassigned in accordance with the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179);

These errors were not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failing to provide accurate financial information could lead to the Village Council making misinformed decisions. The accompanying financial statements, notes to the financial statements, and, where applicable, the Village's accounting records have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted for the years ended December 31, 2018 and 2017.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate and to help identify and correct errors and omissions, the Village should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Fiscal Officer and Village Council. The Fiscal Officer can refer to Auditor of State Bulletin 2011-004 for information on Governmental Accounting Standards Board Statement No. 54.

Officials' Response:

The Fiscal Officer will continue to monitor and implement changes to the financial statements.

**VILLAGE OF MALINTA
HENRY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|---|---|
| 2016-001 | Material weakness over budgeted amounts recorded in the UAN accounting system not agreeing to certificate of estimated resources and actual disbursements not including encumbrances. | Fully corrected. | None. |
| 2016-002 | Material weakness over fund balance classification due to errors in reporting assigned fund balance within the general fund. | Not corrected and repeated as Finding 2018-001. | Recurrence happened due to inadequate policies and procedures in reviewing the financial statements for compliance with GASB 54. The Village is implementing procedures to correct these errors for the future. |

OHIO AUDITOR OF STATE
KEITH FABER



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
JUNE 27, 2019**