



**MALTA TOWNSHIP
MORGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**MALTA TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Malta Township
Morgan County
2817 Conk Palmer Road
Malta, Ohio 43758

To the Board of Trustees:

We have audited the accompanying financial statements of Malta Township, Morgan County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Malta Township, Morgan County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 9, 2000

**MALTA TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$22,594	\$30,440	\$	\$53,034
Intergovernmental	17,012	64,367	7,292	88,671
Earnings on Investments	988	1,207		2,195
Other Revenue	23			23
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,617	96,014	7,292	143,923
Cash Disbursements:				
Current:				
General Government	38,544			38,544
Public Safety		16,611		16,611
Public Works		63,800		63,800
Health	9,307	6,488		15,795
Capital Outlay		2,544		2,544
Debt Service:				
Redemption of Principal			6,341	6,341
Interest and Fiscal Charges			956	956
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	47,851	89,443	7,297	144,591
Total Cash Receipts Over/(Under) Cash Disbursements	(7,234)	6,571	(5)	(668)
Fund Cash Balances, January 1	15,739	20,366	0	36,105
Fund Cash Balances, December 31	<u>\$8,505</u>	<u>\$26,937</u>	<u>(\$5)</u>	<u>\$35,437</u>

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

**MALTA TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$20,271	\$32,130	\$	\$52,401
Intergovernmental	19,439	60,347	7,610	87,396
Earnings on Investments	1,199	1,462		2,661
Other Revenue	2,469			2,469
	<u>43,378</u>	<u>93,939</u>	<u>7,610</u>	<u>144,927</u>
Total Cash Receipts				
	<u>43,378</u>	<u>93,939</u>	<u>7,610</u>	<u>144,927</u>
Cash Disbursements:				
Current:				
General Government	32,675			32,675
Public Safety		17,481		17,481
Public Works		61,932		61,932
Health	6,586			6,586
Debt Service:				
Redemption of Principal			6,341	6,341
Interest and Fiscal Charges			1,269	1,269
Capital Outlay		34,100		34,100
	<u>39,261</u>	<u>113,513</u>	<u>7,610</u>	<u>160,384</u>
Total Cash Disbursements				
	<u>39,261</u>	<u>113,513</u>	<u>7,610</u>	<u>160,384</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>4,117</u>	<u>(19,574)</u>	<u>0</u>	<u>(15,457)</u>
Other Financing Receipts:				
Proceeds from Sale of Public Debt:				
Sale of Notes		25,000		25,000
	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Total Other Financing Receipts				
	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>4,117</u>	<u>5,426</u>	<u>0</u>	<u>9,543</u>
Fund Cash Balances, January 1	<u>11,622</u>	<u>14,940</u>	<u>0</u>	<u>26,562</u>
Fund Cash Balances, December 31	<u><u>\$15,739</u></u>	<u><u>\$20,366</u></u>	<u><u>\$0</u></u>	<u><u>\$36,105</u></u>

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

**MALTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Malta Township, Morgan County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Malta to provide fire services and Emergency Medical Services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle money for maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**MALTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds.

Note Retirement Fund - This fund is used to accumulate resources for the payment of debt related to the purchase of equipment (truck).

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, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

MALTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$35,437</u>	<u>\$36,105</u>

Deposits were insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 is as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,700	\$40,617	(\$11,083)
Special Revenue	113,235	96,014	(17,221)
Debt Service Fund	7,292	7,292	0
Total	<u>\$172,227</u>	<u>\$143,923</u>	<u>(\$28,304)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,438	\$47,851	\$19,587
Special Revenue	132,100	89,443	42,657
Debt Service Fund	7,292	7,297	(5)
Total	<u>\$206,830</u>	<u>\$144,591</u>	<u>\$62,239</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,500	\$43,378	(\$13,122)
Special Revenue	142,010	118,939	(23,071)
Debt Service Fund	7,610	7,610	0
Total	<u>\$206,120</u>	<u>\$169,927</u>	<u>(\$36,193)</u>

**MALTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,122	\$39,261	\$28,861
Special Revenue	156,949	113,513	43,436
Debt Service Fund	7,610	7,610	0
Total	\$232,681	\$160,384	\$72,297

All expenditures made during 1999 and 1998 were executed without obtaining the prior certification of the Clerk.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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 Township

Tangible personal property tax is assessed by the property owners, who must file a list of such 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 behalf of the Township.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
1994 -General Obligation Notes	\$12,683	5%
1998 - General Obligation Notes	20,000	5.95%
Total	\$32,683	

The 1994 notes were issued to finance the purchase of a truck used for Township road maintenance. The notes are collateralized solely by the Township's taxing authority. The note is being repaid in annual installments of \$6,341 plus interest.

**MALTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The 1998 notes were issued to finance the purchase of a tractor used for Township road maintenance. The notes are collateralized solely by the Township's taxing authority. The note will be repaid in annual installments of \$5,000 plus interest.

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

Year ending December 31:	General Obligation Notes
2000	\$13,166
2001	12,551
2002	5,595
2003	5,298
Total	<u>\$36,610</u>

6. RETIREMENT SYSTEM

The Township's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Risk Management Authority, a local government risk pool. The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Employee Benefit Liability

The Township also provides health insurance and dental coverage through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Malta Township
Morgan County
2817 Conk Palmer Road
Malta, Ohio 43758

To the Board of Trustees:

We have audited the accompanying financial statements of Malta Township, Morgan County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998 and have issued our report thereon dated June 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-41058-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 9, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 1999-41058-001.

A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 9, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 9, 2000

**MALTA TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	1999-41058-001
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Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collections to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was appropriated and free of any previous encumbrance, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Liabilities, contracts and open purchase commitments were not certified by the clerk prior to the obligation and Then and Now Certificates were not used. These commitments were not subsequently approved by the Board of Trustees with the aforementioned 30-day time period

Ohio Admin. Code Section 117-3-05 prescribes the manner in which the fiscal officer’s certificates should be prepared and the proper accounting for the certificates. We recommend that liabilities, contracts and open purchase commitments be certified by the Township Clerk in accordance with Ohio Rev. Code Section 5705.41(D) and as prescribed by Ohio Admin. Code Section 117-3-05.



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OFFICE OF THE AUDITOR

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MALTA TOWNSHIP

MORGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 24, 2000**