

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

Village of Malta, Morgan County

For the Two Years Ended December 31, 2002 and 2001

William Kenneth Yoho II
Certified Public Accountant

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**Auditor of State
Betty Montgomery**

Mayor and Members of Council
Village of Malta

We have reviewed the Independent Auditor's Report of the Village of Malta, Morgan County, prepared by William Kenneth Yoho II, CPA for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Malta is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 7, 2003

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VILLAGE OF MALTA, MORGAN COUNTY
 ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
 FOR THE TWO YEARS ENDED DECEMBER 31, 2002

<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Philip Barkhurst	Mayor	01/01/00 to 12/31/03
Trudy Clemens	Clerk-Treasurer	04/01/00 to 03/31/03
Paul Barkhurst	Council Member	01/01/01 to 12/31/05
Thomas Gormley	Council Member	01/01/01 to 12/31/05
Thomas McCoy	Council Member	01/01/01 to 12/31/05
Ronald Nichols	Council Member	01/01/00 to 12/31/03
James White	Council Member	01/01/00 to 12/31/03
Janet White	Council Member	01/01/01 to 12/31/05

<u>ADMINISTRATIVE PERSONNEL</u>	<u>TITLE</u>	<u>CONTRACT PERIOD</u>
Linda Nichols	Utility Clerk/Tax Commissioner	Continuing
Terry Spears	Foreman	Continuing
Walter Wallace	Assistant Foreman	Continuing

Legal Counsel:

John Wells, Solicitor
 Christie, Christie, and Wells
 363 Bell Street
 McConnelsville, OH 43756

**VILLAGE OF MALTA, MORGAN COUNTY
DECEMBER 31, 2002 AND 2001**

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

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WILLIAM KENNETH YOHO II

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

June 21, 2003

Mayor and Village Council
Village of Malta, Morgan County
Malta, Ohio 43758

I have audited the accompanying financial statements of the Village of Malta, Morgan County (the Village) as of and for the two years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 2, Village of Malta, Morgan County 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 my opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances, of the Village of Malta, Morgan County as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 21, 2003, on my consideration of Village of Malta, Morgan County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

William Kenneth Yoho II
Certified Public Accountant

VILLAGE OF MALTA, MORGAN COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Memorandum Only</u>
Cash receipts:				
Local taxes	\$ 81,934	\$ 12,574	\$ 0	\$ 94,508
Intergovernmental	59,536	60,686	0	120,222
Fines, licenses, and permits	9,072	611	0	9,683
Miscellaneous	<u>13,697</u>	<u>1,303</u>	<u>0</u>	<u>15,000</u>
Total cash receipts	<u>164,239</u>	<u>75,174</u>	<u>0</u>	<u>239,413</u>
Cash disbursements:				
Security of persons and property	235	13,649	0	13,884
Public health services	4,289	0	0	4,289
Leisure time activities	6,921	0	0	6,921
Transportation	0	41,227	0	41,227
General government	156,894	498	0	157,392
Capital outlay	<u>17,744</u>	<u>37,573</u>	<u>0</u>	<u>55,317</u>
Total cash disbursements	<u>186,083</u>	<u>92,947</u>	<u>0</u>	<u>279,030</u>
Other receipts and disbursements:				
Transfers in (out)	<u>10,371</u>	<u>(10,371)</u>	<u>0</u>	<u>0</u>
Total other receipts and disbursements	<u>10,371</u>	<u>(10,371)</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of cash receipts over cash disbursements	(11,473)	(28,144)	0	(39,617)
Fund cash balances, January 1, 2002	<u>169,152</u>	<u>88,569</u>	<u>0</u>	<u>257,721</u>
Fund cash balances, December 31, 2002	<u>\$ 157,679</u>	<u>\$ 60,425</u>	<u>\$ 0</u>	<u>\$ 218,104</u>
Reserve for encumbrances, December 31, 2002	<u>\$ 2,414</u>	<u>\$ 514</u>	<u>\$ 0</u>	<u>\$ 2,928</u>

Refer to the auditor's reports and the notes to the financial statements.

VILLAGE OF MALTA, MORGAN COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	Memorandum Only
Cash receipts:				
Local taxes	\$ 121,794	\$ 17,656	\$ 0	\$ 139,450
Intergovernmental	68,296	66,227	0	134,523
Fines, licenses, and permits	8,411	554	0	8,965
Miscellaneous	27,624	5,752	0	33,376
Total cash receipts	226,125	90,189	0	316,314
Cash disbursements:				
Security of persons and property	8,722	9,931	0	18,653
Public health services	4,522	0	0	4,522
Leisure time activities	26,583	0	0	26,583
Basic utility services	36,288	0	0	36,288
Transportation	5,000	38,588	0	43,588
General government	181,851	16,873	0	198,724
Capital outlay	0	39,587	0	39,587
Total cash disbursements	262,966	104,979	0	367,945
Other receipts and disbursements:				
Transfers in (out)	59,934	0	0	59,934
Total other receipts and disbursements	59,934	0	0	59,934
Excess (deficiency) of cash receipts over cash disbursements	23,093	(14,790)	0	8,303
Fund cash balances, January 1, 2001	146,059	103,359	0	249,418
Fund cash balances, December 31, 2001	\$ 169,152	\$ 88,569	\$ 0	\$ 257,721
Reserve for encumbrances, December 31, 2001	\$ 467	\$ 370	\$ 0	\$ 837

Refer to the auditor's reports and the notes to the financial statements.

VILLAGE OF MALTA, MORGAN COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES – PROPRIETARY FUND TYPE
 AND SIMILAR FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Types	Fiduciary Fund Types	Totals Memorandum Only
	<u>Enterprise</u>	<u>Agency</u>	
Operating cash receipts:			
Charges for services	\$ 196,542	\$ 0	\$ 196,542
Total operating cash receipts	<u>196,542</u>	<u>0</u>	<u>196,542</u>
Operating cash disbursements:			
Personal services	74,346	0	74,346
Contractual services	95,529	0	95,529
Supplies and materials	41,797	0	41,797
Total operating cash disbursements	<u>211,672</u>	<u>0</u>	<u>211,672</u>
Operating income (loss)	<u>(15,130)</u>	<u>0</u>	<u>(15,130)</u>
Non-operating cash receipts:			
Miscellaneous receipts	1,174	0	1,174
Other non-operating receipts	40,000	10,884	50,884
Total non-operating cash receipts	<u>41,174</u>	<u>10,884</u>	<u>52,058</u>
Non-operating cash disbursements:			
Debt service	31,443	0	31,443
Other non-operating disbursements	0	11,031	11,031
Total non-operating cash disbursements	<u>31,443</u>	<u>11,031</u>	<u>42,474</u>
Net income (loss)	(5,399)	(147)	(5,546)
Fund cash balances, January 1, 2002	<u>89,109</u>	<u>1,107</u>	<u>90,216</u>
Fund cash balances, December 31, 2002	<u>\$ 83,710</u>	<u>\$ 960</u>	<u>\$ 84,670</u>
Reserve for encumbrances, December 31, 2002	<u>\$ 5,680</u>	<u>\$ 0</u>	<u>\$ 5,680</u>

Refer to the auditor's reports and the notes to the financial statements.

VILLAGE OF MALTA, MORGAN COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES – PROPRIETARY FUND TYPE
 AND SIMILAR FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Types	Fiduciary Fund Types	Totals Memorandum Only
	<u>Enterprise</u>	<u>Agency</u>	
Operating cash receipts:			
Charges for services	\$ <u>224,759</u>	\$ <u>0</u>	\$ <u>224,759</u>
Total operating cash receipts	<u>224,759</u>	<u>0</u>	<u>224,759</u>
Operating cash disbursements:			
Personal services	103,918	0	103,918
Contractual services	97,377	0	97,377
Supplies and materials	67,330	0	67,330
Capital outlay	<u>119,201</u>	<u>0</u>	<u>119,201</u>
Total operating cash disbursements	<u>387,826</u>	<u>0</u>	<u>387,826</u>
Operating income (loss)	<u>(163,067)</u>	<u>0</u>	<u>(163,067)</u>
Non-operating cash receipts:			
Miscellaneous receipts	30,955	0	30,955
Other non-operating receipts	<u>0</u>	<u>11,382</u>	<u>11,382</u>
Total non-operating cash receipts	<u>30,955</u>	<u>11,382</u>	<u>42,337</u>
Non-operating cash disbursements:			
Debt service	51,796	0	51,796
Transfers out	59,934	0	59,934
Other non-operating disbursements	<u>0</u>	<u>10,699</u>	<u>10,699</u>
Total non-operating cash disbursements	<u>111,730</u>	<u>10,699</u>	<u>122,429</u>
Net income (loss)	<u>(243,842)</u>	<u>683</u>	<u>(243,159)</u>
Fund cash balances, January 1, 2001	<u>332,951</u>	<u>424</u>	<u>333,375</u>
Fund cash balances, December 31, 2001	\$ <u><u>89,109</u></u>	\$ <u><u>1,107</u></u>	\$ <u><u>90,216</u></u>
Reserve for encumbrances, December 31, 2001	\$ <u><u>1,065</u></u>	\$ <u><u>0</u></u>	\$ <u><u>1,065</u></u>

Refer to the auditor's reports and the notes to the financial statements.

VILLAGE OF MALTA, MORGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

Note 1. Reporting Entity

Description of the Entity The Village of Malta, Morgan County (the "Village") 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 Village is directed by a publicly elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

The Village has financial relationships with the Malta Union Cemetery and a special arrangement with the Village of McConnelsville for joint ownership and operation of a swimming pool. Additional information concerning these relationships is presented in Note 7.

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 and Procedures

Basis of Accounting The Village of Malta, Morgan County prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently, receipts and the related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.) Refer to Note 4 for further disclosures.

The Village's management believes these financial statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided those standards do not conflict with or contradict GASB pronouncements. The significant portions of the Village's accounting policies are described below.

Fund Accounting The Village maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The Village classifies its funds into the following types.

General Fund The general fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be restricted for other purposes.

Special Revenue Funds The special revenue 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 Village had the following significant special revenue funds during the period of this report.

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

State Highway Improvement Fund This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining, and repairing state highways within the Village.

Fire Levy Fund This fund receives local tax dollars from a special levy for offsetting fire protection costs within the Village.

VILLAGE OF MALTA, MORGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
Continued

Note 2. Summary of Significant Accounting Policies and Procedures (continued)

Fund Accounting (continued)

Capital Project Funds These funds account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund during the period of this report.

Federal Emergency Management Assistance (FEMA) Fund This fund receives grant dollars to help offset the cost of repairs to Village infrastructure resulting from natural disasters.

Enterprise Funds These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. The Village had the following significant enterprise funds.

Water Fund This fund receives dollars generated from charges for services from residents to cover the cost of providing this utility.

Sewer Fund This fund receives dollars generated from charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund.

Mayor's Court Fund This fund receives and accounts for the activity of the Mayor's Court.

Budgetary Process The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually. This process is discussed below.

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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year fund cash balances. The County Budget Commission must also approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end carry over into the next year and need not be reappropriated. A summary of 2002 and 2001 budgetary activity appears in Note 4 below.

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

Unpaid Vacation and Sick Leave Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

VILLAGE OF MALTA, MORGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
Continued

Note 3. Equity in Pooled Cash and Investments

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2002 and 2001 was \$302,774 and \$347,937, respectively. These deposits were either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village and held by a qualified third party trustee.

Note 4. Budgetary Activity

The Village's budgeted receipts and disbursements for the fiscal year are summarized below.

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 161,520	\$ 164,239	\$ 2,719
Special revenue	\$ 118,580	\$ 75,174	\$ (43,406)
Enterprise	\$ 227,000	\$ 237,716	\$ 10,716

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgeted Expenditures</u>	<u>Variance</u>
General	\$ 324,840	\$ 186,083	\$ 138,757
Special revenue	\$ 176,895	\$ 103,318	\$ 73,577
Enterprise	\$ 316,106	\$ 243,115	\$ 72,991

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 179,520	\$ 226,125	\$ 46,605
Special revenue	\$ 132,444	\$ 90,189	\$ (42,255)
Enterprise	\$ 229,822	\$ 255,714	\$ 25,892

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgeted Expenditures</u>	<u>Variance</u>
General	\$ 319,316	\$ 263,433	\$ 55,883
Special revenue	\$ 220,827	\$ 105,349	\$ 115,478
Enterprise	\$ 564,550	\$ 499,556	\$ 64,994

VILLAGE OF MALTA, MORGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
Continued

Note 5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. 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 reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by 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.

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 Village.

Note 6. Notes Payable

Long-term debt outstanding at December 31, 2002 and 2001 was as follows:

The Ohio Water Development Authority (OWDA) sewer loan (loan number 1712) relates to modifications to existing combined sewer overflows and modifications to the existing sewage pumping station. The principal due as of the end of the two years December 31, 2002 and 2001 was \$70,347 and \$76,481, respectively, with an interest rate of 7.96% and a semi-annual payment of \$6,111.

The OWDA water loan (loan number 3212) was used for improvements to the Village water treatment plant. The OWDA approved a loan application to the Village of Malta for \$768,400 at 2% interest for twenty-five years with semi-annual payments of \$14,698. At the completion of the project, the Village had used only \$568,958. The principal due as to the end of the two years December 31, 2002 and 2001 was \$539,831 and \$576,119, respectively.

The cash required to amortize the two OWDA loans described above is as follows:

<u>December 31</u>	<u>Loan 1712</u>	<u>Loan 3212</u>
2003	\$ 6,623	\$ 18,693
2004	7,150	19,069
2005	7,720	19,452
2006	8,334	19,843
2007	8,897	20,242
To maturity	31,623	442,532

Note 7. Income Tax

The Village of Malta has levied a tax of one percent applied to gross salaries, wages, and other personal service compensation earned by residents both in and out of Malta and to earnings of non-residents (except certain transients) earned in the municipality. It also applies to net income to business organizations conducted with Malta. Tax receipts are credited to the general fund of the Village. Municipal tax receipts for the two years ended December 31, 2002 and 2001 were \$73,583 and \$111,245. The loss of the largest employer in the Village during 2001 contributed to the significant decline.

VILLAGE OF MALTA, MORGAN COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2002 AND 2001
 Continued

Note 8. Retirement Systems

The Village'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 post-retirement health care, 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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

Note 9. Joint Ventures

The Village of McConnelsville and Village of Malta have established a Recreation Committee under the provisions of Ohio Revised Code Section 755.16 to construct, operate, and maintain a swimming pool to provide organized recreational programs for the citizens of both Villages. The Committee consists of three Council Members from each Village appointed by the respective Village Councils and the Mayor of the Villages in alternating two-year terms. Receipts and disbursements are budgeted and accounted for by the Villages in alternative two-year terms. Each Village shares equally in any operation disbursements in excess of collection of user fees. The Committee can be dissolved only by mutual consent of both Village Councils. If the Committee would be dissolved, original start up assets revert to the contributing village or if acquired jointly, would be split equally. The activity for 2002 was accounted for and reported by the Village of McConnelsville as part of their enterprise fund type. The activity for 2001 is reported with the other enterprise fund amounts above and is summarized below.

Operating receipts	\$ 30,857
Operating expenditures	(53,617)
Non-operating receipts (subsidies)	<u>18,552</u>
Net increase (decrease) in fund balance	\$ <u>(4,208)</u>

Note 10. Risk Management

The Village of Malta is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool: general liability and casualty, public official's liability, and vehicle.

The Village also provides health and life insurance to full-time employees through a private carrier.

**VILLAGE OF MALTA, MORGAN COUNTY
DECEMBER 31, 2002 AND 2001**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

WILLIAM KENNETH YOHO II

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

June 21, 2003

Mayor and Village Council
Village of Malta, Morgan County
Malta, Ohio 43758

I have audited the financial statements of the Village of Malta, Morgan County, as of and for the years ended December 31, 2002 and 2001, and have issued my report thereon dated June 21, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 Village's financial statements are free of material misstatement, I 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that would be required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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. I noted no matters involving the internal control over financial reporting that I consider to be material weaknesses as defined above. I noted other matters involving the internal control over financial reporting that do not require inclusion in this report that I have reported to the management of the Village of Malta, Morgan County in a separate management letter dated June 21, 2003.

William Kenneth Yoho II
Certified Public Accountant



**Auditor of State
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VILLAGE OF MALTA

MORGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2003**