



Dave Yost • Auditor of State



VILLAGE OF DELTA  
FULTON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Delta  
Fulton County  
401 Main Street  
Delta, Ohio 43515-1399

To the Members of the 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 Delta, Fulton County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***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 of 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 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 1 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 presumed 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 permitted 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 matters 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, 2015 and 2014, or 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 combined cash balances of the Village of Delta, Fulton County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements 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 permits, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2016, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 2, 2016

**VILLAGE OF DELTA  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$109,010	\$285,432			\$394,442
Municipal Income Tax	420,718	37,647	\$169,416		627,781
Intergovernmental	93,551	230,544			324,095
Charges for Services	110,563	1,500			112,063
Fines, Licenses and Permits	30,818	19,280			50,098
Earnings on Investments	15,131	92			15,223
Miscellaneous	4,761	7,531	1,273		13,565
<i>Total Cash Receipts</i>	<u>784,552</u>	<u>582,026</u>	<u>170,689</u>		<u>1,537,267</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	40,033	620,601			660,634
Public Health Services	57,206				57,206
Leisure Time Activities		66,437			66,437
Community Environment	12,425				12,425
Basic Utility Services	74,298				74,298
Transportation	53,061	158,000			211,061
General Government	197,794	28,666	27,058		253,518
Capital Outlay	4,971	40,943	711,234		757,148
Debt Service:					
Principal Retirement			53,785		53,785
Interest and Fiscal Charges			2,846		2,846
<i>Total Cash Disbursements</i>	<u>439,788</u>	<u>914,647</u>	<u>794,923</u>		<u>2,149,358</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>344,764</u>	<u>(332,621)</u>	<u>(624,234)</u>		<u>(612,091)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds			632,669		632,669
Transfers In		299,700	2,122		301,822
Transfers Out	(299,700)		(2,122)		(301,822)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(299,700)</u>	<u>299,700</u>	<u>632,669</u>		<u>632,669</u>
<i>Net Change in Fund Cash Balances</i>	45,064	(32,921)	8,435		20,578
<i>Fund Cash Balances, January 1</i>	<u>314,814</u>	<u>521,695</u>	<u>338,530</u>	<u>\$11,189</u>	<u>1,186,228</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	292			5,000	5,292
Restricted		505,274	346,965	6,189	858,428
Assigned	79,590				79,590
Unassigned (Deficit)	279,996	(16,500)			263,496
<i>Fund Cash Balances, December 31</i>	<u>\$359,878</u>	<u>\$488,774</u>	<u>\$346,965</u>	<u>\$11,189</u>	<u>\$1,206,806</u>

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

**VILLAGE OF DELTA  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,904,352		\$1,904,352
Earnings on Investments		\$36	36
Miscellaneous	26,786		26,786
<i>Total Operating Cash Receipts</i>	<u>1,931,138</u>	<u>36</u>	<u>1,931,174</u>
<b>Operating Cash Disbursements</b>			
Personal Services	659,073		659,073
Contractual Services	385,628		385,628
Supplies and Materials	232,193		232,193
Travel	2,875		2,875
Other	17,553		17,553
<i>Total Operating Cash Disbursements</i>	<u>1,297,322</u>		<u>1,297,322</u>
<i>Operating Income</i>	<u>633,816</u>	<u>36</u>	<u>633,852</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	366,442		366,442
Intergovernmental	2,306		2,306
Special Assessments	765		765
Capital Outlay	(91,820)		(91,820)
Principal Retirement	(284,788)		(284,788)
Interest and Other Fiscal Charges	(317,930)		(317,930)
Other Financing Uses	(3,091)		(3,091)
<i>Total Non-Operating (Disbursements)</i>	<u>(328,116)</u>		<u>(328,116)</u>
<i>Income before Transfers</i>	305,700	36	305,736
Transfers In	158,691		158,691
Transfers Out	(158,691)		(158,691)
<i>Net Change in Fund Cash Balances</i>	305,700	36	305,736
<i>Fund Cash Balances, January 1</i>	<u>1,253,584</u>	<u>54,964</u>	<u>1,308,548</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,559,284</u>	<u>\$55,000</u>	<u>\$1,614,284</u>

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



**VILLAGE OF DELTA  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$103,936	\$275,673			\$379,609
Municipal Income Tax	397,235	17,996	\$160,407		575,638
Intergovernmental	88,633	246,480	14,100		349,213
Charges for Services	110,040	39,814			149,854
Fines, Licenses and Permits	49,191	20,512			69,703
Earnings on Investments	13,284	45			13,329
Miscellaneous	26,725	95,945	30,574		153,244
<i>Total Cash Receipts</i>	<u>789,044</u>	<u>696,465</u>	<u>205,081</u>		<u>1,690,590</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	36,481	576,082			612,563
Public Health Services	34,303				34,303
Leisure Time Activities		106,789			106,789
Community Environment	14,387				14,387
Basic Utility Services	53,961				53,961
Transportation	59,446	164,685			224,131
General Government	203,658	34,342	14,814		252,814
Capital Outlay		15,000	2,613,186		2,628,186
Debt Service:					
Principal Retirement			47,073		47,073
Interest and Fiscal Charges			4,298		4,298
<i>Total Cash Disbursements</i>	<u>402,236</u>	<u>896,898</u>	<u>2,679,371</u>		<u>3,978,505</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>386,808</u>	<u>(200,433)</u>	<u>(2,474,290)</u>		<u>(2,287,915)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds			2,508,274		2,508,274
Transfers In		273,231			273,231
Transfers Out	(273,231)				(273,231)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(273,231)</u>	<u>273,231</u>	<u>2,508,274</u>		<u>2,508,274</u>
<i>Net Change in Fund Cash Balances</i>	113,577	72,798	33,984		220,359
<i>Fund Cash Balances, January 1</i>	<u>201,237</u>	<u>448,897</u>	<u>304,546</u>	<u>\$11,189</u>	<u>965,869</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable				5,000	5,000
Restricted		521,300	338,530	6,189	866,019
Committed		395			395
Assigned	1,818				1,818
Unassigned	312,996				312,996
<i>Fund Cash Balances, December 31</i>	<u>\$314,814</u>	<u>\$521,695</u>	<u>\$338,530</u>	<u>\$11,189</u>	<u>\$1,186,228</u>

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

**VILLAGE OF DELTA  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Types	Fiduciary Fund Type	Totals
	Enterprise	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,812,939		\$1,812,939
Earnings on Investments		\$33	33
Miscellaneous	31,760		31,760
<i>Total Operating Cash Receipts</i>	<u>1,844,699</u>	<u>33</u>	<u>1,844,732</u>
<b>Operating Cash Disbursements</b>			
Personal Services	644,402		644,402
Contractual Services	358,282		358,282
Supplies and Materials	217,107		217,107
Travel	5,615		5,615
Other	16,795		16,795
<i>Total Operating Cash Disbursements</i>	<u>1,242,201</u>		<u>1,242,201</u>
<i>Operating Income</i>	<u>602,498</u>	<u>33</u>	<u>602,531</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	296,728		296,728
Special Assessments	766		766
Capital Outlay	(50,333)		(50,333)
Principal Retirement	(201,452)		(201,452)
Interest and Other Fiscal Charges	(279,825)		(279,825)
Other Financing Uses	(5,074)		(5,074)
<i>Total Non-Operating (Disbursements)</i>	<u>(239,190)</u>		<u>(239,190)</u>
<i>Income before Transfers</i>	363,308	33	363,341
Transfers In	182,522		182,522
Transfers Out	(182,522)		(182,522)
<i>Net Change in Fund Cash Balances</i>	363,308	33	363,341
<i>Fund Cash Balances, January 1</i>	<u>890,276</u>	<u>54,931</u>	<u>945,207</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,253,584</u></u>	<u><u>\$54,964</u></u>	<u><u>\$1,308,548</u></u>

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

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Delta, Fulton County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with York Township to provide fire protection and emergency medical services. The Village receives tax levy monies in a special revenue fund to support a volunteer fire department.

The Village participates in a public entity risk pool. Ohio Plan Risk Management provides a self-insurance risk management program. Note 8 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.

**B. Accounting Basis**

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.

**C. 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 Township values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**2. 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 - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Park and Recreation Fund – This fund receives property tax, income tax, and fees to fund the construction, maintenance, and repair of recreational facilities.

Police Fund – This fund receives property tax, fines and fees, and transfers to fund the operations of the police department.

**3. 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:

Capital Projects Fund – This fund receives income tax, grant funding, and loan proceeds for street and building construction and repair, and payment of related project debt.

Combined Sewer Overflow (CSO) Abatement Project Fund – This fund receives loan proceeds from the Ohio Water Development Authority. The proceeds are being used to renovate the wastewater treatment plant facilities and grounds.

**4. Permanent Fund**

This fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purpose that supports the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Pool Fund - This fund receives property tax and charges for services from residents to cover pool maintenance and repair of the pool facilities.

**6. Fiduciary Fund**

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund is for the benefit of the Village's volunteer fire department.

**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 or function 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.

**2. Estimated Resources**

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

**3. 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 2015 and 2014 budgetary activity appears in Note 3.

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**F. 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:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. 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.

**3. 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.

**4. 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.

**5. 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.

**G. Property, Plant, and Equipment**

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

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**H. 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.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2015	2014
Cash on Hand	\$500	\$500
Demand deposits	1,504,774	1,192,990
Certificates of deposit	669,144	655,300
Total deposits	2,173,918	1,848,790
STAR Ohio	646,672	645,986
Total cash on hand, deposits, and investments	\$2,821,090	\$2,494,776

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$741,483	\$784,552	\$43,069
Special Revenue	930,363	881,726	(48,637)
Capital Projects	843,405	805,480	(37,925)
Enterprise	2,325,999	2,459,342	133,343
Trust	37	36	(1)
Total	\$4,841,287	\$4,931,136	\$89,849

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. Budgetary Activity - continued**

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$739,936	\$741,290	(\$1,354)
Special Revenue	935,206	915,479	19,727
Capital Projects	808,703	808,685	18
Enterprise	2,250,013	2,186,220	63,793
Total	<u>\$4,733,858</u>	<u>\$4,651,674</u>	<u>\$82,184</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$688,413	\$789,044	\$100,631
Special Revenue	852,314	969,696	117,382
Capital Projects	3,248,818	2,713,355	(535,463)
Enterprise	2,441,051	2,324,715	(116,336)
Trust	1,900	33	(1,867)
Total	<u>\$7,232,496</u>	<u>\$6,796,843</u>	<u>(\$435,653)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$677,315	\$677,285	\$30
Special Revenue	938,669	897,293	41,376
Capital Projects	2,733,662	2,691,011	42,651
Enterprise	2,049,463	1,998,022	51,441
Total	<u>\$6,399,109</u>	<u>\$6,263,611</u>	<u>\$135,498</u>

Contrary to Ohio law, certain revenues required to be used for restricted purposes, state and local government highway distribution monies, (\$38,251 in 2014 and \$38,644 in 2015), gasoline excise tax monies (\$5,869 in 2014), auto license tax monies (\$6,468 in 2015), and income tax monies (\$4,750 in 2014 and \$1,003 in 2015) were recorded to incorrect funds.

**4. PROPERTY TAX**

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.



**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**4. PROPERTY TAX - continued**

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.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$8,960,112	1.50%-5.54%
Ohio Public Works Commission Loan	7,757	
Farmers & Merchants State Bank Promissory Notes	46,038	3.95%-4.05%
Fulton County Revolving Loan	9,000	
Total	<u>\$9,022,907</u>	

The Ohio Water Development Authority (OWDA) loans were used to finance construction of a water plant, water tower, waterlines, and sewer plant renovations (mandated by the Ohio Environmental Protection Agency). The OWDA approved up to \$10,672,468 in loans to the Village for these projects. The loans began in 2000, 2008, and 2014 and will mature in 2024, 2038, and 2045, respectively. The Village will repay the loans at \$95,681, \$385,596, and \$118,256 per year in semi-annual installments over the next 25 to 30 years. These loans are collateralized by water and sewer utility revenue. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan was used to pay for a contracted storm sewer separation project on Elmwood Street. The OPWC approved a loan of \$51,714 for this project. The Village repays \$5,171 per year, since 2007, on this 10-year loan which will mature in 2017. Property tax revenue is used to repay this debt.

The Farmers & Merchants State Bank promissory notes were used to pay for repairs done to the town hall roof in 2013 and to purchase a dump truck in 2014. The notes were issued for \$88,000 and \$50,925, respectively, and will mature in October 2016 and February 2017. The Village repays \$2,596 and \$1,505, monthly, towards these notes. Income tax monies set aside for capital improvements are used for the payments.

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEBT - continued**

The Fulton County revolving loan was used for the downtown planning project. The project involved developing greenspace and beautifying the downtown area. The Fulton County Commissioners approved \$11,250 for this project in 2015. The loan is being repaid at \$2,250 annually over 5 years and will mature in 2019. Income tax monies set aside for capital improvements are used for the payments.

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

Year ending December 31:	OWDA Loans	OPWC Loan	Farmers & Merchants Promissory Notes	Revolving Loan	Totals
2016	\$599,533	\$5,171	\$44,017	\$2,250	\$650,971
2017	599,533	2,586	3,009	2,250	607,378
2018	599,533			2,250	601,783
2019	599,533			2,250	601,783
2020	599,533				599,533
2021-2025	2,854,336				2,854,336
2026-2030	2,519,258				2,519,258
2031-2035	2,519,258				2,519,258
2036-2040	1,362,470				1,362,470
2041-2044	473,023				473,023
Total	<u>\$12,726,010</u>	<u>\$7,757</u>	<u>\$47,026</u>	<u>\$9,000</u>	<u>\$12,789,793</u>

**7. RETIREMENT SYSTEMS**

The Village's Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OP&F participants contributed 10.75% to 12.25% of their wages. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015 and 2014, 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, 2015.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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 DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**8. RISK MANAGEMENT - continued**

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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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, 2013 and 2014 (the latest information available).

	<b>2013</b>	<b>2014</b>
Assets	<u>\$13,774,304</u>	<u>\$14,830,185</u>
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**9. INTERFUND TRANSFERS**

Interfund cash transfers for the years ended December 31, 2015 and 2014 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
2015		
General		\$299,700
Special Revenue Fund Type	\$299,700	
Capital Projects Fund Type	2,122	2,122
Enterprise Fund Type	158,691	158,691
	<u>\$460,513</u>	<u>\$460,513</u>
2014		
General		\$273,231
Special Revenue Fund Type	\$273,231	
Enterprise Fund Type	182,522	182,522
	<u>\$455,753</u>	<u>\$455,753</u>

The Village transferred cash from the General Fund to Police Fund to fund police payroll and operations. The Village also transferred cash among capital projects funds to pay related project expenses. Also, transfers were made between enterprise funds to pay for debt payments due for related projects.

**10. MISCELLANEOUS RECEIPTS**

In 2014, Special Revenue Funds Miscellaneous Receipts primarily consisted of bequests and donations for the park.

**11. SUBSEQUENT EVENT**

The Village has started Phase II of its CSO Abatement Project in 2016. This project involves the renovation and development of the wastewater treatment plant facilities and grounds. Total projected cost is around \$6,245,000, and funding is to be received from the United States Department of Agriculture, along with Community Development Block Grant funding.



# Dave Yost • Auditor of State

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

Village of Delta  
Fulton County  
401 Main Street  
Delta, Ohio 43515-1399

To the Members of 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 Delta, Fulton County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 2, 2016 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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses and a significant deficiency.

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 a 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 Entity's financial statements. We consider findings 2015-001 through 2015-003 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-004 described in the accompanying schedule of findings to be a significant deficiency.

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***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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-003.

***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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 2, 2016

**VILLAGE OF DELTA  
FULTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Material Weakness – Recording Debt Transactions**

Accurate financial reporting is the responsibility of the Finance Director and is essential to ensure the information provided to the readers of the financial statements is correct.

The following errors were noted in the accounting for debt related transactions in 2015 and 2014 on the financial statements:

- Debt expenditures totaling \$49,210 in 2015 and \$44,250 in 2014 were improperly recorded as Capital Outlay in the Capital Projects Fund. These should have been recorded as Redemption of Principal (\$46,364 in 2015 and \$41,902 in 2014) and Interest and Other Fiscal Charges (\$2,846 in 2015 and \$4,298 in 2014).
- Ohio Water Development Authority loan principal payments of \$4,624 and \$4,420 were improperly recorded as Interest Expense instead of Principal Retirement in the Enterprise Funds in 2015 and 2014, respectively.
- Ohio Water Development Authority loan proceeds of \$621,419 in 2015 and \$2,432,344 in 2014, Fulton County revolving loan proceeds (\$11,250 in 2015), and Farmers and Merchants State Bank promissory notes (\$50,925 in 2014) were improperly recorded as Miscellaneous Revenue instead of Other Debt Proceeds in the CSO Abatement Project Fund, Downtown Planning Capital Projects Fund, and Capital Projects Fund.
- Ohio Water Development Authority loan proceeds of \$25,005 were not recorded as Other Debt Proceeds and Capital Outlay expenditures in the CSO Abatement Project Fund in 2014.
- The December 2015 Ohio Water Development Authority loan payment was not recorded by the Village until 2016, which overstated the Sewer Fund December 31, 2015 fund balance by \$53,552.

Adjustments to the financial statements and the accounting records were made to correct these errors.

These errors were not identified and corrected prior to the audit due to deficiencies in the Village's internal controls over financial statement monitoring. A review by Village management may have detected these errors. Sound financial reporting is the responsibility of the Finance Director and Council and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To ensure the Village's financial statements are complete and accurate, we recommend the Finance Director post all transactions in accordance with the guidance established by the Village Officer's Handbook issued by the Auditor of State. Furthermore, Council should adopt policies and procedures, including a final review of the statements, to identify and correct errors and omissions.

## FINDING NUMBER 2015-002

### Material Weakness – GASB 54 Fund Balance Reporting

**Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions**, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance classification includes amounts that cannot be spent because they are legally or contractually required to be maintained intact.

Restricted fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by external sources, such as grantors, contributors, or imposed by law through constitutional provisions.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the general as it is the only fund with a positive unassigned fund balance.

The 2016 appropriation for the General Fund exceeded estimated receipts by \$77,788. The amount of the deficit should have been recognized as assigned for subsequent year's appropriations instead of being classified as unassigned at December 31, 2015. Also, the amount of unclaimed monies in the General Fund, \$292, should have been recognized as nonspendable.

The Special Revenue Funds and Capital Projects Funds are primarily financed from funds restricted by external sources and from income tax monies restricted by the vote of the residents. The fund balances of the Special Revenue Funds of \$499,774 in 2015 and \$513,800 in 2014 and the Capital Projects Funds of \$346,965 in 2015 and \$338,530 in 2014 were classified as unassigned and committed instead of restricted.

The Permanent Trust Fund is financed through an original bequest of \$5,000 and investment earnings of \$6,189. The fund balance of the Permanent Trust Fund of \$11,189 was classified as unassigned. The amount of original bequest is considered nonspendable and any investment earnings are restricted in 2015 and 2014.

Adjustments were recorded to the 2015 and 2014 financial statements to change the above differences in fund balance classification.

These errors were not identified and corrected prior to the audit due to deficiencies in the Village's internal controls over financial statement monitoring. Sound financial reporting is the responsibility of the Finance Director and Council and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

In order to ensure the Village's fund balances are reported in accordance with GASB 54, we recommend the Village review and follow Auditor of State Bulletin 2011-004.



### FINDING NUMBER 2015-003

#### Material Weakness and Noncompliance

**Ohio Rev. Code §5705.10** requires all revenues derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Village received state and local government highway distribution monies (\$38,251 in 2014 and \$38,644 in 2015) and gasoline excise taxes (\$5,869 in 2014). These monies were credited to the State Highway Improvement fund instead of the Street Construction Maintenance and Repair fund.

Auto license tax monies received (\$6,468) from the County in 2015 were credited to the General fund. These monies are required to be allocated to the Street Construction Maintenance and Repair fund (\$5,983) and State Highway Improvement fund (\$485).

Local income tax monies (\$4,750 in 2014 and \$1,003 in 2015) were credited to the General fund. These monies should have been allocated to the Water fund (\$2,850 in 2014 and \$602 in 2015), Capital Project Fund (\$1,554 in 2014 and \$329 in 2015), Park Fund (\$173 in 2014 and \$36 in 2015) and Fire Fund (\$173 in 2014 and \$36 in 2015).

Adjustments were made to the financials and accounting records to correct these differences.

A review of financial records may have detected these errors.

We recommend the Fiscal Officer record these monies according to documentation received from disbursing agencies. A monthly review should be performed to help ensure amounts are recorded in the proper funds.

### FINDING NUMBER 2015-004

#### Significant Deficiency – Homestead and Rollback Amounts

Homestead and rollback amounts in the General fund, \$16,267 in 2014 and \$16,571 in 2015, Park and Recreation fund \$8,540 in 2014 and \$8,487 in 2015, Fire fund \$5,869 in 2014 and \$5,831 in 2015, and Police fund \$29,345 in 2014 and \$29,162 in 2015 were recorded as property taxes.

These amounts are reimbursed to the Village from the State of Ohio and are considered state shared taxes, thereby classified as intergovernmental revenues.

Village officials were unaware these amounts should be recorded as intergovernmental revenues. Adjustments were made to the financials and accounting records to correct these errors.

We recommend all amounts received from the State of Ohio be recorded to intergovernmental account codes within the appropriate funds.

#### Officials' Response:

We did not receive a response from Officials to the findings reported above.

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# Dave Yost • Auditor of State

VILLAGE OF DELTA

FULTON 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 23, 2016