



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF DELTA
FULTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2018.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2018	4
Notes to the Basic Financial Statements - For the Year Ended December 31, 2018	5
Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	18

This page intentionally left blank.



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Delta, Fulton County, Ohio (the Village) as of and for the year ended December 31, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Efficient • Effective • Transparent

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Delta, Fulton County, Ohio as of December 31, 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

August 1, 2019

VILLAGE OF DELTA
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$119,836	\$251,244			\$371,080
Municipal Income Tax	720,488	30,843	\$277,594		1,028,925
Intergovernmental Revenue	93,341	326,721	93,832		513,894
Charges for Services	131,445	11,505	3,750		146,700
Fines, Licenses and Permits	28,761	21,078	150		49,989
Earnings on Investments	51,717	1,577		\$726	54,020
Miscellaneous	103,183	59,336	2,642		165,161
<i>Total Cash Receipts</i>	<u>1,248,771</u>	<u>702,304</u>	<u>377,968</u>	<u>726</u>	<u>2,329,769</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	39,635	570,868			610,503
Public Health Services	83,696				83,696
Leisure Time Activities		60,552			60,552
Community Environment	19,821				19,821
Basic Utility Services	92,798		4,003		96,801
Transportation	65,924	204,409	152		270,485
General Governemnt	219,270	32,108	21,470		272,848
Capital Outlay		103,198	442,891		546,089
Debt Service:					
Redemption of Principal			63,328		63,328
Interest and Other Fiscal Charges			8,924		8,924
<i>Total Cash Disbursements</i>	<u>521,144</u>	<u>971,135</u>	<u>540,768</u>		<u>2,033,047</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>727,627</u>	<u>(268,831)</u>	<u>(162,800)</u>	<u>726</u>	<u>296,722</u>
Other Financing Receipts (Disbursements):					
Other Debt Proceeds			115,163		115,163
Sale of Fixed Assets			14,225		14,225
Transfers In		300,000	2,250		302,250
Transfers Out	(392,250)				(392,250)
Advances In			11,372		11,372
Advances Out	(11,372)				(11,372)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(403,622)</u>	<u>300,000</u>	<u>143,010</u>		<u>39,388</u>
<i>Net Change in Fund Cash Balances</i>	<u>324,005</u>	<u>31,169</u>	<u>(19,790)</u>	<u>726</u>	<u>336,110</u>
<i>Fund Cash Balances, January 1</i>	<u>377,119</u>	<u>484,262</u>	<u>442,095</u>	<u>11,189</u>	<u>1,314,665</u>
Fund Cash Balances, December 31					
Nonspendable	292			5,000	5,292
Restricted		515,431	422,305	6,915	944,651
Unassigned	700,832				700,832
<i>Fund Cash Balances, December 31</i>	<u>\$701,124</u>	<u>\$515,431</u>	<u>\$422,305</u>	<u>\$11,915</u>	<u>\$1,650,775</u>

See accompanying notes to the basic financial statements

**VILLAGE OF DELTA
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$2,281,898		\$2,281,898
Earnings on Investments		\$12	12
Miscellaneous	43,886		43,886
<i>Total Operating Cash Receipts</i>	<u>2,325,784</u>	<u>12</u>	<u>2,325,796</u>
Operating Cash Disbursements:			
Personal Services	664,663		664,663
Transportation	4,950		4,950
Contractual Services	424,217		424,217
Supplies and Materials	211,798		211,798
Other	40,113		40,113
<i>Total Operating Cash Disbursements</i>	<u>1,345,741</u>		<u>1,345,741</u>
<i>Operating Income</i>	<u>980,043</u>	<u>12</u>	<u>980,055</u>
Non-Operating Receipts (Disbursements):			
Property and Other Local Taxes	55,712		55,712
Special Assesments	151		151
Other Debt Proceeds	140,600		140,600
Capital Outlay	(109,555)		(109,555)
Redemption of Principal	(396,361)		(396,361)
Interest and Other Fiscal Charges	(333,475)		(333,475)
Other Financing Uses		(54,069)	(54,069)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(642,928)</u>	<u>(54,069)</u>	<u>(696,997)</u>
<i>Income (Loss) before Transfers</i>	337,115	(54,057)	283,058
Transfers In	231,200		231,200
Transfers Out	(141,200)		(141,200)
<i>Net Change in Fund Cash Balances</i>	427,115	(54,057)	373,058
<i>Fund Cash Balances, January 1</i>	<u>2,160,317</u>	<u>\$54,057</u>	<u>2,214,374</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,587,432</u></u>		<u><u>\$2,587,432</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF DELTA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1- Reporting 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, maintenance of Village roads and bridges, and police services. The Village has paramedics, intermediate EMTs, basic medical personnel and first responders who provide emergency medical services within the Village and other areas. A volunteer fire department provides fire services.

Public Entity Risk Pool

The Village participates a public entity risk pool. Notes 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Fund Accounting

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

VILLAGE OF DELTA
FULTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

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

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

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

Parks and Recreation Fund The parks and recreation fund accounts for and reports property tax, income tax, and fees restricted for construction, maintenance, and repair of recreational facilities.

Police Fund The police fund accounts for and reports property tax, fines, fees, and transfers restricted for operation of the police department.

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 Project Fund The capital project fund accounts for and reports income tax and loan proceeds restricted for purchases of capital assets, street and building construction and repair, and payment of related project debt.

Combined Sewer Overflow (CSO) Abatement Project Fund The CSO abatement project fund accounts for and reports federal grants and loan proceeds restricted for the renovation of the wastewater treatment plant facilities and grounds.

Permanent Funds These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. 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.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Pool Fund The pool fund accounts for property tax and charges for services restricted for operation, maintenance, and repair of the pool facilities.

VILLAGE OF DELTA
FULTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency 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 company.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function 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 unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2018 budgetary activity appears in Note 4.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

VILLAGE OF DELTA
FULTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - 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:

	2018
Cash on Hand	\$500
Demand Deposits	2,930,157
Certificates of Deposit	1,155,032
Total deposits	4,085,689
STAR Ohio	152,518
Total deposits and investments	\$4,238,207

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.

Note 4 - Budgetary Activity

Budgetary activity for the years ending December 31, 2018 follows:

**VILLAGE OF DELTA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

2018 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,248,771	\$1,248,771	
Special Revenue	1,042,845	1,002,304	(\$40,541)
Capital Projects	2,334,611	520,978	(1,813,633)
Enterprise	2,839,255	2,753,447	(85,808)
Permanent		726	726
Fiduciary	36	12	(24)
Total	<u>\$7,465,518</u>	<u>\$5,526,238</u>	<u>(\$1,939,280)</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,101,419	\$925,042	\$176,377
Special Revenue	1,101,407	984,583	116,824
Capital Projects	2,397,133	552,408	1,844,725
Enterprise	2,568,822	2,391,375	177,447
Fiduciary	54,069	54,069	
Total	<u>\$7,222,850</u>	<u>\$4,907,477</u>	<u>\$2,315,373</u>

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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.

Income Taxes

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.

**VILLAGE OF DELTA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2018, consisted of \$142,093 advanced to Capital Project fund to provide working capital for operations or projects.

Transfers

Transfers To	Transfer From		
	General Fund	Water Fund	Sewer Fund
Special Revenue Funds:			
Police Fund	\$300,000		
Capital Projects Funds:			
Downtown Project Fund	2,250		
Enterprise Funds:			
Water Tower Debt Service Fund		\$65,200	
Water Filter Fund		75,000	
Sewer Fund	90,000		
CSO Capital Fund			
Sewer Insurance Fund			\$1,000
Total	\$392,250	\$140,200	\$1,000

The Village transferred monies from the General Fund to the Police Fund to fund police payroll and operations, the sewer fund to fund operating costs, and to the capital project funds to pay related project expenses. Transfers were also made between Enterprise funds to pay for utility system improvements and debt payments due for related projects.

Note 7 - Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$8,485,502	1.00-5.54%
Sewage System Revenue Bonds, Series 2016	3,873,713	1.375%
Alan Investments, LLC Promissory Note	587,500	4.000%
F&M State Bank Promissory Note	121,136	4.750%
KS State Bank Promissory Note	24,094	3.027%
PNC Bank Promissory Note	22,488	4.053%
Fulton County Revolving	2,250	0.000%
Total	\$13,116,683	

**VILLAGE OF DELTA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

The Ohio Water Development Authority (OWDA) loans were used to finance construction of a water plant, water tower, waterlines, sewer plant renovations, and storm and sanitary sewer separation (mandated by the Ohio Environmental Protection Agency). The OWDA approved up to \$12,533,868 in loans to the Village for these projects. The loans began in 2000, 2008, and February 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. The December 2014 and September 2018 loans have not yet been finalized. 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 Sewer System Revenue Bonds, Series 2016, dated October 5, 2016, was obtained through the United States Department of Agriculture (USDA) - Rural Development. The Village issued \$3,873,713 in sewer system revenue bonds for the acquisition and construction of improvements to the Village's sewage collection and treatment system. The bonds are for a period of 40 years. The repayment schedule has not been finalized, but the bonds will be paid in monthly installments of a yet to be determined amount including interest at 1.375%, with a tentative final maturity in 2056. These bonds will be paid through utility system user charges collected in the Sewer Overflow Loan Fund.

Alan Investments, LLC loan was made to finance real property consisting 29+/- acres at 500 S. Madison Street, Delta, Ohio. The property is to be used as the Street Department facility. The promissory note was issued for \$587,500 and will mature in January 2024. Monthly principal and interest payments of \$3,560 begins in January 2019, with an option to renew the note for an additional two-year period, subject to mutual agreement of the parties.

The Farmers and Merchants State Bank promissory note was used to pay to purchase water lines to Nature Fresh in 2017. The notes was issued for \$121,136 and will mature in January 2021. A Community Development Block Grant will fund the water line loan payments. The Farmers and Merchants State Bank promissory note used to pay to purchase the jet vacuum truck in 2016 was paid in full and retired in 2018.

The PNC and KS State Bank notes were used to purchase a dump truck and mini excavator in 2017 for \$67,500 and \$29,676, respectively. The notes will mature in October 2019 and June 2022. Income tax monies set aside for capital improvements are used for the payments.

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:

**VILLAGE OF DELTA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Year Ending	OWDA Loans	Alan Investments, LLC Promissory Note	F&M State Bank Promissory Note	KS State Bank Promissory Note	PNC Bank Promissory Note	Fulton County Revolving Loan
December 31:						
2019	\$599,533	\$42,722	\$122,624	\$6,493	\$23,416	\$2,250
2020	599,533	42,722		6,493		
2021	599,533	42,722		6,493		
2022	599,533	42,721		6,492		
2023	599,533	42,721				
2024-2028	2,614,939	482,907				
2029-2033	2,519,258					
2034-2038	2,326,460					
2039-2043	591,279					
2044-2048	177,383					
Total	<u>\$11,226,984</u>	<u>\$696,515</u>	<u>\$122,624</u>	<u>\$25,971</u>	<u>\$23,416</u>	<u>\$2,250</u>

Note 8 - Risk Management

The Village belongs to the Ohio Plan Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage's to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017. .

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past five fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the latest information available).

**VILLAGE OF DELTA
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 9- Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Note 10 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 11- Miscellaneous Receipts

General Fund Miscellaneous Receipts primarily consisted of insurance proceeds. Special Revenue Miscellaneous Receipts primarily consisted of a donation for park improvements.

This page intentionally left blank.



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

**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 Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Delta, Fulton County, Ohio, (the Village) as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated August 1, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and

accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

August 1, 2019

VILLAGE OF DELTA
FULTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018

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

FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified for the fiscal year ended December 31, 2018:

- The Ohio Water Development Authority (OWDA), in conjunction with loans made to the Village, paid money on behalf of the Village directly to the vendor in the amount of \$46,910. These expenses related to the raw water supply to Nature Fresh project were not recorded properly on the Village's ledgers.
- The amount of the fund balance of the Cemetery Endowment fund (\$5,000) which is required to remain intact was mistakenly classified as restricted instead of nonspendable as in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod. 1800.166.
- The Village had recorded in its accounting system \$3,900 in receipts to the Capital Projects fund which were omitted from the financial statements. These receipts were charges for services revenues of \$3,750 and fines, licenses, and permits revenues of \$150.
- The Village maintains a fund for the benefit of its Volunteer fire company. This fund was reported as a permanent fund instead of a fiduciary private purpose trust fund in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments" (GASB Cod 1300.102).

These errors were not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted.

To help ensure the Village's financial statements and notes are complete and accurate, the Village should adopt policies and procedures, including final review of the statements and notes to the financial statements by Finance Director and Village Council to help identify and correct errors and omissions. In addition, Management can reference account code listings in the Village Officer's Handbook which is available at the following website address: <http://www.ohioauditor.gov/publications/VillageOfficerHandbook%202-27-19.pdf>.

Officials' Response:

We did not receive a response from Officials to this finding.

DELTA, OHIO

"THE COMMUNITY OF OPPORTUNITY"

Village Office

401 Main Street
Delta, OH 43515
P- (419)822-3220
F- (419)822-3837

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2018

Police Department

421 Fernwood Street
Delta, OH 43515
(419)822-3232

Water Plant

County Road H
Delta, OH 43515
(419)822-4143

Wastewater Plant

516 Locust Street
Delta, OH 43515
(419)822-3190

Public Works

401 Main Street
Delta, OH 43515
(419)822-4700

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material Weakness for utility billings and collections	Corrective Action Taken and Finding is Fully Corrected.	
2017-002	Material Weakness and Non-compliance Citation for failure to post income tax revenues in accordance with Council approved Ordinance	Corrective Action Taken and Finding is Fully Corrected.	
2017-003	Significant Deficiency for failure to correctly report the proper amount of General Fund balance as assigned for subsequent year	Corrective Action Taken and Finding is Fully Corrected.	

OHIO AUDITOR OF STATE KEITH FABER



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 20, 2019**