

VILLAGE OF DELTA
FULTON COUNTY
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA

Auditor of State

Village Council
Village of Delta
401 Main Street
Delta, Ohio 43515

We have reviewed the *Independent Auditor's Report* of the Village of Delta, Fulton County, prepared by LublinSussman Group LLP, for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Delta is responsible for compliance with these laws and regulations.

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Mary Taylor, CPA
Auditor of State

March 17, 2009

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TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2007.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2006.....	6
Notes to the Financial Statements.....	7-16
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17-18
SCHEDULE OF FINDINGS AND RESPONSES.....	19-21
SCHEDULE OF PRIOR AUDIT FINDINGS.....	22

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Delta
Fulton County
401 Main Street
Delta, OH 43515

We have audited the accompanying combined statements of cash receipts, cash disbursements, and changes in fund cash balances - all governmental fund types and proprietary and fiduciary fund types of the Village of Delta, Fulton County, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Village prepares its financial statements using accounting practices prescribed or permitted by the Auditor of State. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds presented in the accompanying financial statements, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require, Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position or cash flows, where applicable for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Delta, Fulton County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

For the years ended December 31, 2007 and 2006, the Village revised its financial presentation using a format prescribed or permitted by the Auditor of State rather than the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements and Management's Discussion and analysis for State and Local Governments as described in Note 9.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2008, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Seublin Sussman Group LLP

November 17, 2008
Toledo, Ohio

**VILLAGE OF DELTA
FULTON COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types					Totals (Memo. Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property Tax and Other Local Taxes	\$ 537,243	\$ 140,062	\$ 0	\$ 161,164	\$ 0	\$ 838,469
Intergovernmental Receipts	397,464	215,036	0	0	0	612,500
Charges for Services	92,622	29,903	0	0	0	122,525
Fines, Licenses, and Permits	6,532	22,683	0	0	0	29,215
Earnings on Investments	101,235	4,291	0	0	0	105,526
Miscellaneous	22,806	200	26,251	4,000	0	53,257
Total Cash Receipts	<u>1,157,902</u>	<u>412,175</u>	<u>26,251</u>	<u>165,164</u>	<u>0</u>	<u>1,761,492</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	508,196	55,063	0	0	0	563,259
Public Health Services	14,785	0	0	0	0	14,785
Leisure Time Activities	1,000	106,355	0	0	0	107,355
Community Environment	13,558	0	0	0	0	13,558
Basic Utility Services	108,340	0	0	0	0	108,340
Transportation	64,254	136,040	0	0	0	200,294
General Government	214,592	350	0	0	0	214,942
Debt Service						
Principal Payments	0	0	63,892	5,171	0	69,063
Interest Payments	0	0	61,789	0	0	61,789
Capital Outlay	12,987	45,198	0	229,186	0	287,371
Total Cash Disbursements	<u>937,712</u>	<u>343,006</u>	<u>125,681</u>	<u>234,357</u>	<u>0</u>	<u>1,640,756</u>
Total Receipts Over (Under) Disbursements	<u>220,190</u>	<u>69,169</u>	<u>(99,430)</u>	<u>(69,193)</u>	<u>0</u>	<u>120,736</u>
Other Financing Receipts/(Disbursements):						
Sale of Bonds or Notes	0	0	0	175,984	0	175,984
Sale of Fixed Assets	2,837	0	0	0	0	2,837
Other Uses	0	0	0	(2,032)	0	(2,032)
Transfers In	0	0	112,000	0	0	112,000
Transfers Out	(124)	0	0	(27,000)	0	(27,124)
Total Other Financing Receipts	<u>2,713</u>	<u>0</u>	<u>112,000</u>	<u>146,952</u>	<u>0</u>	<u>261,665</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	222,903	69,169	12,570	77,759	0	382,401
Fund Cash Balances, January 1	<u>120,613</u>	<u>471,450</u>	<u>10,510</u>	<u>230,694</u>	<u>12,946</u>	<u>846,213</u>
Fund Cash Balances, December 31	<u>\$ 343,516</u>	<u>\$ 540,619</u>	<u>\$ 23,080</u>	<u>\$ 308,453</u>	<u>\$ 12,946</u>	<u>\$ 1,228,614</u>
Reserves for Encumbrances, December 31	<u>\$ 23,651</u>	<u>\$ 3,150</u>	<u>\$ 0</u>	<u>\$ 83,189</u>	<u>\$ 0</u>	<u>\$ 109,990</u>

See Notes to Financial Statements

VILLAGE OF DELTA
FULTON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memo.</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Private</u> <u>Purpose</u> <u>Trust</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$ 1,238,436	\$ 0	\$ 39,852	\$ 1,278,288
Miscellaneous	<u>0</u>	<u>2,575</u>	<u>0</u>	<u>2,575</u>
Total Operating Cash Receipts	<u>1,238,436</u>	<u>2,575</u>	<u>39,852</u>	<u>1,280,863</u>
Operating Cash Disbursements:				
Personal Services	585,692	0	0	585,692
Contractual Services	264,307	25	0	264,332
Supplies and Materials	217,745	0	52,122	269,867
Transportation	<u>162</u>	<u>0</u>	<u>0</u>	<u>162</u>
Total Operating Cash Disbursements	<u>1,067,906</u>	<u>25</u>	<u>52,122</u>	<u>1,120,053</u>
Operating Income (Loss)	<u>170,530</u>	<u>2,550</u>	<u>(12,270)</u>	<u>160,810</u>
Non-Operating Cash Receipts				
Property Tax and Other Local Taxes	298,154	0	0	298,154
Special Assessments	<u>14,625</u>	<u>0</u>	<u>0</u>	<u>14,625</u>
Total Non-Operating Cash Receipts	<u>312,779</u>	<u>0</u>	<u>0</u>	<u>312,779</u>
Non-Operating Cash Disbursements:				
Capital Outlay	41,031	1,116	0	42,147
Redemption of Principal	204,940	0	0	204,940
Interest and Other Fiscal Charges	<u>302,246</u>	<u>0</u>	<u>0</u>	<u>302,246</u>
Total Non-Operating Cash Disbursements	<u>548,217</u>	<u>1,116</u>	<u>0</u>	<u>549,333</u>
Excess of Receipts Over (Under) Disbursements Before Interfund Transfers	(64,908)	1,434	(12,270)	(75,744)
Transfers-In	101,406	0	0	101,406
Transfers-Out	<u>(186,282)</u>	<u>0</u>	<u>0</u>	<u>(186,282)</u>
Net Receipts Over (Under) Disbursements	(149,784)	1,434	(12,270)	(160,620)
Fund Cash Balances, January 1	<u>932,437</u>	<u>6,140</u>	<u>21,919</u>	<u>960,496</u>
Fund Cash Balances, December 31	<u>\$ 782,653</u>	<u>\$ 7,574</u>	<u>\$ 9,649</u>	<u>\$ 799,876</u>
Reserve for Encumbrances, December 31	<u>\$ 31,050</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,050</u>

See Notes to Financial Statements

**VILLAGE OF DELTA
FULTON COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types					Totals (Memo. Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property Tax and Other Local Taxes	\$ 521,905	\$ 138,288	\$ 0	\$ 156,084	\$ 0	\$ 816,277
Special Assessments	0	50	0	0	0	50
Intergovernmental Receipts	241,557	241,394	0	0	0	482,951
Charges for Services	85,908	31,903	0	0	0	117,811
Fines, Licenses, and Permits	21,000	5,420	0	0	0	26,420
Earnings on Investments	80,507	2,006	0	0	0	82,513
Miscellaneous	39,744	179	21,434	0	0	61,357
Total Cash Receipts	<u>990,621</u>	<u>419,240</u>	<u>21,434</u>	<u>156,084</u>	<u>0</u>	<u>1,587,379</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	480,474	34,405	0	0	0	514,879
Public Health Services	20,709	0	0	0	0	20,709
Leisure Time Activities	1,000	96,332	0	0	0	97,332
Community Environment	15,013	0	0	0	0	15,013
Basic Utility Services	80,046	0	0	0	0	80,046
Transportation	62,221	139,149	0	0	0	201,370
General Government	262,231	1,808	320	0	0	264,359
Debt Service						
Principal Payments	0	0	60,767	0	0	60,767
Interest Payments	0	0	64,914	0	0	64,914
Capital Outlay	23,166	103,478	0	1,512,382	0	1,639,026
Total Cash Disbursements	<u>944,860</u>	<u>375,172</u>	<u>126,001</u>	<u>1,512,382</u>	<u>0</u>	<u>2,958,415</u>
Total Receipts Over (Under) Disbursements	<u>45,761</u>	<u>44,068</u>	<u>(104,567)</u>	<u>(1,356,298)</u>	<u>0</u>	<u>(1,371,036)</u>
Other Financing Receipts/(Disbursements):						
Sale of Bonds or Notes	0	0	0	1,425,052	0	1,425,052
Sale of Fixed Assets	7,533	0	0	0	0	7,533
Other Sources	0	1,981	0	0	0	1,981
Other Uses	(350)	0	0	0	0	(350)
Transfers In	0	0	107,500	0	0	107,500
Transfers Out	(957)	0	0	(22,500)	0	(23,457)
Total Other Financing Receipts	<u>6,226</u>	<u>1,981</u>	<u>107,500</u>	<u>1,402,552</u>	<u>0</u>	<u>1,518,259</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	51,987	46,049	2,933	46,254	0	147,223
Fund Cash Balances, January 1	<u>68,626</u>	<u>425,401</u>	<u>7,577</u>	<u>184,440</u>	<u>12,946</u>	<u>698,990</u>
Fund Cash Balances, December 31	<u>\$ 120,613</u>	<u>\$ 471,450</u>	<u>\$ 10,510</u>	<u>\$ 230,694</u>	<u>\$ 12,946</u>	<u>\$ 846,213</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 251,104</u>	<u>\$ 0</u>	<u>\$ 251,104</u>

See Notes to Financial Statements

VILLAGE OF DELTA
FULTON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memo. Only)</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$ 1,126,058	\$ 0	\$ 45,710	\$ 1,171,768
Miscellaneous	<u>0</u>	<u>3,088</u>	<u>0</u>	<u>3,088</u>
Total Operating Cash Receipts	<u>1,126,058</u>	<u>3,088</u>	<u>45,710</u>	<u>1,174,856</u>
Operating Cash Disbursements:				
Personal Services	585,749	0	0	585,749
Contractual Services	213,722	114	0	213,836
Supplies and Materials	279,988	0	45,282	325,270
Transportation	<u>304</u>	<u>0</u>	<u>0</u>	<u>304</u>
Total Operating Cash Disbursements	<u>1,079,763</u>	<u>114</u>	<u>45,282</u>	<u>1,125,159</u>
Operating Income (Loss)	<u>46,295</u>	<u>2,974</u>	<u>428</u>	<u>49,697</u>
Non-Operating Cash Receipts				
Property Tax and Other Local Taxes	288,756	0	0	288,756
Special Assessments	14,453	0	0	14,453
Debt Proceeds	<u>223,790</u>	<u>0</u>	<u>0</u>	<u>223,790</u>
Total Non-Operating Cash Receipts	526,999	0	0	526,999
Non-Operating Cash Disbursements:				
Capital Outlay	114,727	6,550	0	121,277
Redemption of Principal	87,132	0	0	87,132
Interest and Other Finance Charges	<u>265,872</u>	<u>0</u>	<u>0</u>	<u>265,872</u>
Total Non-Operating Cash Disbursements	<u>467,731</u>	<u>6,550</u>	<u>0</u>	<u>474,281</u>
Excess of Receipts Over (Under) Disbursements				
Before Interfund Transfers	105,563	(3,576)	428	102,415
Transfers-In	103,031	0	0	103,031
Transfers-Out	<u>(187,074)</u>	<u>0</u>	<u>0</u>	<u>(187,074)</u>
Net Receipts Over/(Under) Disbursements	21,520	(3,576)	428	18,372
Fund Cash Balances, January 1	<u>910,917</u>	<u>9,716</u>	<u>21,491</u>	<u>942,124</u>
Fund Cash Balances, December 31	<u>\$ 932,437</u>	<u>\$ 6,140</u>	<u>\$ 21,919</u>	<u>\$ 960,496</u>
Reserve for Encumbrances, December 31	<u>\$ 2,650</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,650</u>

See Notes to Financial Statements

VILLAGE OF DELTA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

ORGANIZATION

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 security of persons and property. The Village has a special revenue fund to support a volunteer fire department.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

CASH AND INVESTMENTS

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

The Village values overnight repurchase agreements at cost. Money market mutual funds (including STAR Ohio) are recorded at share values listed on the mutual funds report.

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:

- a. General Fund
The General Fund reports all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds
These funds account for proceeds from specific sources (other than from private purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

See Notes to Financial Statements

VILLAGE OF DELTA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

c. Debt Service Fund

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant debt service funds:

Water Tower Fund - This fund receives lease payments and transfers in from the Enterprise Water Fund for payment of debt service.

Restroom Fund - This fund receives proceeds from the sale of note for construction of public restrooms at the Delta Park.

d. Capital Projects Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant capital project fund:

Capital Improvement Fund - This fund receives income taxes. The proceeds are used for street construction, repair and administration building.

Water Treatment Plant Fund - This fund is used to track the activity of the construction of a water treatment plant.

e. Permanent Fund

This fund consists of nonexpendable corpus from a trust agreement. Earnings are used for the general maintenance and and upkeep of the Village's cemetery.

f. 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 the cost of providing this utility.

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

VILLAGE OF DELTA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. 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 department.

Wiley Trust Fund - This expendable fund receives interest income for the Village of Delta fire department.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for various recreation activities.

BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

a. 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.

Contrary to Ohio law, 2006 and 2007 Council approved appropriations were not accurately reflected in the Village's accounting system.

b. 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 also approve estimated resources.

Contrary to Ohio law, 2006 and 2007 Council approved estimated receipts were not accurately reflected in the Village's accounting system.

c. 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 reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

VILLAGE OF DELTA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT, AND EQUIPMENT

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

ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2) 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 cash and investments at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Cash on Hand	\$ 400	\$ 400
Demand Deposits	<u>524,215</u>	<u>862,876</u>
Total Deposits	524,615	863,276
STAR Ohio	<u>1,503,875</u>	<u>943,433</u>
Total Investments	<u>1,503,875</u>	<u>943,433</u>
Total Deposits and Investments	<u>\$ 2,028,490</u>	<u>\$ 1,806,709</u>

Deposits: Deposits are either 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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

(3) BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2007 is as follows:

2007 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 992,800	\$ 1,160,739	\$ 167,939
Special Revenue	392,375	412,175	19,800
Debt Service	135,540	138,251	2,711
Capital Projects	422,050	341,148	(80,902)
Permanent	0	0	0
Enterprise	1,538,559	1,652,621	114,062
Fiduciary	<u>50,000</u>	<u>42,427</u>	<u>(7,573)</u>
Total	<u>\$ 3,531,324</u>	<u>\$ 3,747,361</u>	<u>\$ 216,037</u>

See Notes to Financial Statements

VILLAGE OF DELTA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(3) BUDGETARY ACTIVITY (CONTINUED)

Budgetary activity for the year ended December 31, 2007 is as follows:

2007 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,006,044	\$ 961,487	\$ 44,557
Special Revenue	430,276	346,156	84,120
Debt Service	123,876	125,681	(1,805)
Capital Projects	408,750	346,578	62,172
Permanent	0	0	0
Enterprise	1,902,219	1,833,455	68,764
Fiduciary	66,237	53,263	12,974
Total	<u>\$ 3,937,402</u>	<u>\$ 3,666,620</u>	<u>\$ 270,782</u>

Budgetary activity for the year ended December 31, 2006 as follows:

2006 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 953,032	\$ 998,154	\$ 45,122
Special Revenue	411,042	421,221	10,179
Debt Service	136,040	128,934	7,106
Capital Projects	3,206,300	1,581,136	1,625,164
Permanent	0	0	0
Enterprise	1,448,654	1,756,088	(307,434)
Fiduciary	50,000	48,798	(1,202)
Total	<u>\$ 6,205,068</u>	<u>\$ 4,934,331</u>	<u>\$ 1,378,935</u>

2006 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditure</u>	<u>Variance</u>
General	\$ 997,810	\$ 946,167	\$ 51,643
Special Revenue	459,232	375,172	84,060
Debt Service	127,756	126,001	1,755
Capital Projects	3,161,114	1,785,986	1,375,128
Permanent	0	0	0
Enterprise	1,780,684	1,779,300	1,384
Fiduciary	61,700	51,946	9,754
Total	<u>\$ 6,588,296</u>	<u>\$ 5,064,572</u>	<u>\$ 1,523,724</u>

See Notes to Financial Statements

VILLAGE OF DELTA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(3) BUDGETARY ACTIVITY (CONTINUED)

Contrary to the Ohio Revised Code Section 5705.36(A)(4), the Village did not obtain a reduced amended certificate of estimated resources when they anticipated not receiving sufficient receipts to cover appropriations.

Contrary to the Ohio Administrative Code 117-2-02(C)(1), the Village did not properly update their financial accounting system for amended appropriations and estimated resources approved by Council.

(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.

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.

(5) LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5% 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.

VILLAGE OF DELTA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(6) DEBT

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Dev. Authority Loan Water Plant #2	\$ 6,173,423	4.10%
Special Assessment Bonds	40,000	7.1% -7.2%
General Obligation - Parks and Recreation	47,887	4.55%
Ohio Water Development Authority Loan - Water Tower	1,016,852	5.54%
Waste Water Plant Mortgage Revenue Bonds	508,300	5.80%
Ohio Public Works Commission Loan - Elmwood Street Storm Separation	<u>46,543</u>	0%
Total	<u>\$ 7,833,005</u>	

The Ohio Water Development Authority (OWDA) loans were made to finance a water line, water tower projects and construction of a water plant. The loans are collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The General Obligation note was issued to finance the Adrian Street resurfacing project. The note is a direct obligation of the Village for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property within the Village.

Special Assessment Bonds were issued for street improvements and waste water plan construction. Special assessments on residents residing within the Village limits are used to repay this debt.

The Mortgage Revenue Bonds were issued for construction of a new waste water treatment plant and construction of a reservoir for the Village's Water Works. The bonds are secured by a mortgage against the waste water treatment plant and reservoir. The Village has agreed to set utility rates sufficient to cover outstanding bond requirements.

The Ohio Public Works Commission Loan was used to contract a storm separation project on Elmwood Street. Property tax revenue of the Village is used to repay this debt.

VILLAGE OF DELTA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(6) DEBT (CONTINUED)

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

<u>Year Ending</u> <u>December 31</u>	<u>OWDA Loan</u> <u>Water Plant</u> <u>#2</u>	<u>Special</u> <u>Assessment</u> <u>Bonds</u>	<u>GO - Parks</u> <u>and</u> <u>Recreation</u>	<u>OWDA Loan</u> <u>Water Tower</u>	<u>WWP Mort.</u> <u>Revenue</u> <u>Bond</u>	<u>OPWC Loan</u> <u>- Elmwood</u>	<u>Totals</u>
2008	\$ 183,694	\$ 12,875	\$ 30,000	\$ 47,842	\$ 103,887	\$ 5,171	\$ 383,469
2009	367,388	12,160	21,046	95,681	103,624	5,171	605,070
2010	367,388	11,440	0	95,681	103,347	5,171	583,027
2011	367,388	10,720	0	95,681	103,054	5,171	582,014
2012	367,388	0	0	95,681	102,745	5,171	570,985
2013-2017	1,836,942	0	0	478,405	102,418	20,688	2,438,453
2018-2022	1,836,942	0	0	478,406	0	0	2,315,348
2023-2027	1,836,942	0	0	191,362	0	0	2,028,304
2028-2032	1,836,942	0	0	0	0	0	1,836,942
2033-2037	<u>1,653,248</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,653,248</u>
Totals	<u>\$10,654,262</u>	<u>\$ 47,195</u>	<u>\$ 51,046</u>	<u>\$1,578,739</u>	<u>\$ 619,075</u>	<u>\$ 46,543</u>	<u>\$12,996,860</u>

(7) RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement Systems (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2007 and 2006, OPERS contributed 9.5% and 9.0% respectively, of their wages. The Village contributed an amount equal to 13.85% (2007) and 13.70% (2006) of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

(8) RISK MANAGEMENT

The Village is a member of the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

VILLAGE OF DELTA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(8) RISK MANAGEMENT (CONTINUED)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

(9) CHANGE IN ACCOUNTING PRINCIPLE

During 2006, the Village changed from the cash basis of accounting in a format consistent with GASB Statement No. 34 to the cash basis of accounting using a format prescribed or permitted by the Auditor of State.

(10) RELATED PARTY TRANSACTIONS

One of the Village's employee has a spouse that is the insurance agent for the Village. During the years ended December 31, 2007 and 2006, the Village paid \$236,987 and \$265,646, respectively, in premiums to the insurance company that the spouse represents as an agent.

(11) LEASE COMMITMENT

The Village is leasing tractor equipment under a noncancelable lease. During the years ended December 31, 2007 and 2006, the Village paid \$11,271 each year. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 11,271
2009	11,271
2010	11,271
Total	<u>\$ 33,813</u>

(12) RESTATEMENT OF FUND CASH BALANCES

An adjustment was necessary to account for the reclassification of certain other governmental funds at January 1, 2006. As a result of the restatement, beginning total governmental fund types decreased and beginning fiduciary fund types increased by \$31,207 at January 1, 2006. This restatement was necessary to properly report the Village's private purpose trust and agency funds.

VILLAGE OF DELTA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(13) CONTRACT NONCOMPLIANCE

Contrary to Ohio Revised Code Section 731.16, a \$10,709 change order related to a street resurfacing project was not documented with a written change order.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Village Council
Village of Delta
Fulton County
401 Main Street
Delta, OH 43515

We have audited the accompanying financial statements of the Village of Delta, Fulton County, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 17, 2008 wherein we noted that the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

We consider the deficiencies described in the accompanying schedule of findings and responses as Findings 2007-001 through 2007-003 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider items 2007-001 and 2007-002 to be material weaknesses.

We noted certain matters that we reported to the Village's management in a separate letter dated November 17, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2007-004 through 2007-006.

We noted certain matters that we reported to the Village's management in a separate letter dated November 17, 2008.

The Village's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on it.

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

Seblin Sussman Group LLP

November 17, 2008
Toledo, Ohio

VILLAGE OF DELTA
FULTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Material Weakness - Detection of material misstatements

An adequately designed internal control structure includes the ability of an Organization to detect and prevent material misstatements in the financial statements. During the audit, it was determined that postings and entries made by management resulted in material misstatements to the financial statement and had to be corrected.

Officials' Response: The Village needs to ensure that transactions are being properly posted and that the financial statements are not materially misstated.

FINDING NUMBER 2007-002

Material Weakness - Recording of debt proceeds

During our audit, it was discovered that debt proceeds and disbursements, received indirectly, were not recorded by the Village. This error caused the financial statements to be materially misstated.

We recommend that all debt proceeds and disbursements not directly received by the Village be recorded in accordance with the basis of accounting described in Note 1 of the financial statements.

Officials' Response: The Village will record all debt proceeds received indirectly as a cash receipt and cash disbursement in the year the transaction occurs.

FINDING NUMBER 2007-003

Significant Deficiency - Tracking and safeguarding of refuse tags

During our testing of refuse tags for 2006 and 2007, we noted that the Village was aware of missing refuse tags resulting in \$1,838 of revenue not collected by the Village. Our testing also indicated that the spreadsheet to track the sales of refuse tags for 2006 and 2007 indicated that \$2,423 of sales were not recorded in the proper revenue account. We recommend that the Village implement a daily reconciliation of sold refuse tags with cash received to ensure proper recording and safeguarding of assets.

Officials' Response: The Village will be implementing our recommendation.

VILLAGE OF DELTA
FULTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-004

Noncompliance Citation

Ohio Revised Code Section 731.16 states that a change to a contract must be done with a change order and agreed upon in writing and signed by the legislative authority and the contractor.

For the Elmwood street resurfacing project, the cost of the project increased by \$10,709 over the original contract with no evidence of a change order to approve this increase. A change order ensures that additional work and the cost associated with this work is properly approved by Council and agreed to between Council and the contractor. Absence of this document could result in unnecessary work being performed and unexpected costs. We recommend a written change order be obtained to ensure that any revisions are approved by management and council.

Officials' Response: Any future changes to a contract will be accomplished with a written change order and authorized with the proper signatures.

FINDING NUMBER 2007-005

Noncompliance Citation

Ohio Administrative Code 117-2-02(C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. During our tests of budgetary compliance, we noted that Council approved appropriations and estimated resources were not reflected accurately in the accounting records. Such differences could cause deficit spending and spending not in accordance with the legislative authority. We recommend all Council approved appropriations and estimated resources that are filed with the county auditor be duplicated in the accounting system.

Officials' Response: Council approved appropriations and estimated resources that are filed with the county auditor will be duplicated in the accounting system.

VILLAGE OF DELTA
FULTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-006

Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(4) states that a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

It was noted that appropriations exceeded actual available resources in the capital projects fund in 2006 by \$1,395,538. We recommend that the Village review the estimated resources and appropriation calculations throughout the year to protect funds from being overspent.

Officials' Response: The Village is aware of this requirement and will ensure compliance with the Ohio Revised Code described above.

VILLAGE OF DELTA
FULTON COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

No findings were reported in the prior audit.



Mary Taylor, CPA
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
MARCH 31, 2009**