

VILLAGE OF DELTA
FULTON COUNTY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012



Dave Yost • Auditor of State

Village Council
Village of Delta
401 Main Street
Delta, OH 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, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 18, 2013

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LublinSussman Group LLP

Certified Public Accountants

3166 N. Republic Blvd.
Toledo, Ohio 43615-1572
419-841-2848 Fax 419-841-8178

INDEPENDENT AUDITOR'S REPORT

Village of Delta
Fulton County
401 Main Street
Delta, OH 43515

To the Village Council:

Report on the Financial Statements

We have audited the accompanying combined statements of cash receipts, cash disbursements, and changes in fund cash balances - all governmental and proprietary and fiduciary fund types, of the Village of Delta, Fulton County (the Village) as of and for the years ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

www.lublinsussman.com

Lee D. Wunschel, CPA
Thomas J. Jaffee, JD, CPA
Terri S. Lee, CPA
Eric M. Golus, CPA

Members:
American Institute of Certified Public Accountants
AICPA—Private Companies Practice Section
Ohio Society of Certified Public Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 prescribed by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012, or changes in financial position or cash flows there of 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 combined cash balances of Village of Delta, Fulton County, as of December 31, 2012, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of 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 October 22, 2013, 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. 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 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.

Delblin Sussman Group LLP

October 22, 2013
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, 2012

	Governmental Fund Types				<u>Totals</u> <u>(Memo.</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 123,949	\$ 110,454	\$ 0	\$ 0	\$ 234,403
Municipal Income Taxes	388,832	34,795	156,577	0	580,204
Special Assessments	0	572	0	0	572
Intergovernmental Receipts	102,942	183,220	0	0	286,162
Charges for Services	87,182	26,319	0	0	113,501
Fines, Licenses, and Permits	49,140	0	0	0	49,140
Earnings on Investments	12,418	34	0	0	12,452
Miscellaneous	<u>18,304</u>	<u>29,233</u>	<u>0</u>	<u>0</u>	<u>47,537</u>
Total Cash Receipts	782,767	384,627	156,577	0	1,323,971
Cash Disbursements:					
Current:					
Security of Persons and Property	574,936	73,954	11,785	0	660,675
Public Health Services	39,017	0	0	0	39,017
Leisure Time Activities	0	146,021	0	0	146,021
Community Environment	3,951	0	0	0	3,951
Basic Utility Services	70,776	0	0	0	70,776
Transportation	35,374	197,394	45,015	0	277,783
General Government	183,432	26,364	16,716	0	226,512
Debt Service					
Principal Payments	0	0	5,171	0	5,171
Capital Outlay	<u>0</u>	<u>5,000</u>	<u>15,785</u>	<u>0</u>	<u>20,785</u>
Total Cash Disbursements	<u>907,486</u>	<u>448,733</u>	<u>94,472</u>	<u>0</u>	<u>1,450,691</u>
Net Change in Fund Cash Balances	(124,719)	(64,106)	62,105	0	(126,720)
Fund Cash Balances, January 1	<u>277,675</u>	<u>492,366</u>	<u>166,929</u>	<u>12,946</u>	<u>949,916</u>
Fund Cash Balances, December 31:					
Nonspendable	0	0	0	12,946	12,946
Restricted	0	425,215	107,903	0	533,118
Committed	434	3,045	121,131	0	124,610
Unassigned	<u>152,522</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>152,522</u>
Fund Cash Balances, December 31	<u>\$ 152,956</u>	<u>\$ 428,260</u>	<u>\$ 229,034</u>	<u>\$ 12,946</u>	<u>\$ 823,196</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, 2012

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u> <u>Private</u> <u>Purpose</u> <u>Trust</u>	<u>Totals (Memo.</u> <u>Only)</u>
	<u>Enterprise</u>		
Operating Cash Receipts:			
Charges for Services	\$ 2,059,327	\$ 0	\$ 2,059,327
Total Operating Cash Receipts	<u>2,059,327</u>	<u>0</u>	<u>2,059,327</u>
Operating Cash Disbursements:			
Personal Services	665,227	0	665,227
Contractual Services	467,246	0	467,246
Supplies and Materials	352,351	0	352,351
Transportation	3,844	0	3,844
Other	<u>14,496</u>	<u>0</u>	<u>14,496</u>
Total Operating Cash Disbursements	<u>1,503,164</u>	<u>0</u>	<u>1,503,164</u>
Operating Income	<u>556,163</u>	<u>0</u>	<u>556,163</u>
Non-Operating Cash Receipts			
Property and Other Local Taxes	1,532	0	1,532
Municipal Income Taxes	282,484	0	282,484
Contribution	0	50,000	50,000
Earnings on Investments	<u>17,082</u>	<u>1,921</u>	<u>19,003</u>
Total Non-Operating Cash Receipts	<u>301,098</u>	<u>51,921</u>	<u>353,019</u>
Non-Operating Cash Disbursements:			
Capital Outlay	78,538	0	78,538
Redemption of Principal	327,928	0	327,928
Interest and Other Fiscal Charges	<u>305,607</u>	<u>0</u>	<u>305,607</u>
Total Non-Operating Cash Disbursements	<u>712,073</u>	<u>0</u>	<u>0</u>
Income Before Interfund Transfers	145,188	101,921	247,109
Transfers-In	214,144	0	214,144
Transfers-Out	<u>(214,144)</u>	<u>0</u>	<u>(214,144)</u>
Net Change in Fund Cash Balances	145,188	101,921	247,109
Fund Cash Balances, January 1	<u>490,619</u>	<u>4,442</u>	<u>495,061</u>
Fund Cash Balances, December 31	\$ <u>635,807</u>	\$ <u>106,363</u>	\$ <u>742,170</u>

See Notes to Financial Statements

VILLAGE OF DELTA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 and emergency services. 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

ACCOUNTING BASIS

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.

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 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:

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

See Notes to Financial Statements

VILLAGE OF DELTA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

b. Special Revenue Funds (Continued)

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

c. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except for those financed through enterprise or trust funds). The Village had the following significant capital projects fund:

Capital Improvement Fund - This fund receives income taxes. The proceeds are used for street and building construction and repair, and payment of debt related to these costs..

d. Permanent Fund

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 are from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

e. 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.

f. Fiduciary Fund

Fiduciary funds include a private purpose trust fund. 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.

VILLAGE OF DELTA
FULTON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Fiduciary Fund (Continued)

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

BUDGETARY PROCESS

The Ohio Revised Code requires that each fund 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.

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.

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 2012 budgetary activity appears in Note 3.

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.

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:

1. Nonspendable

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

VILLAGE OF DELTA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE (CONTINUED)

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 (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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 of 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.

(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:

		<u>2012</u>
Cash on Hand	\$	250
Demand Deposits		114,942
Certificate of Deposit		<u>631,374</u>
Total Deposits		746,566
STAR Ohio		645,522
Repurchase Agreement		<u>123,278</u>
Total Investments		<u>768,800</u>
Total Deposits and Investments		<u>\$ 1,515,366</u>

VILLAGE OF DELTA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2012

(2) EQUITY IN POOLED DEPOSITS AND INVESTMENTS (CONTINUED)

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 year ended December 31, 2012 is as follows:

2012 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 771,577	\$ 782,767	\$ 11,190
Special Revenue	341,451	384,627	43,176
Capital Projects	148,800	156,577	7,777
Permanent	0	0	0
Enterprise	2,359,304	2,574,569	215,265
Private Purpose Trust	<u>1,700</u>	<u>51,921</u>	<u>50,221</u>
Total	<u>\$ 3,622,832</u>	<u>\$ 3,950,461</u>	<u>\$ 327,629</u>

2012 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 924,782	\$ 907,920	\$ 16,862
Special Revenue	567,878	451,778	116,100
Capital Projects	217,023	215,603	1,420
Permanent	0	0	0
Enterprise	2,524,234	2,567,579	(43,345)
Private Purpose Trust	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total	<u>\$ 4,234,917</u>	<u>\$ 4,142,880</u>	<u>\$ 92,037</u>

Contrary to Ohio Law, enterprise fund budgetary expenditures exceeded appropriation authority by \$43,345 during 2012.

(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.

VILLAGE OF DELTA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2012

(4) PROPERTY TAX (CONTINUED)

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.

(6) DEBT

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Dev. Authority Loan Water Plant #2	\$ 5,995,221	4.10%
Ohio Water Development Authority Loan - Water Tower	797,073	5.54%
Waste Water Plant Mortgage Revenue Bonds	96,660	5.80%
Line of Credit F&M Bank	24,236	4.99%
Ohio Public Works Commission Loan - Elmwood Street Storm Separation	<u>23,272</u>	0%
Total	<u>\$ 6,936,462</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 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 line of credit with Farmers & Merchants State Bank was used for repairs to the waste water treatment plant. Monthly principal and interest payments of \$4,180 began on May 21, 2010 with a maturity date of July 21, 2013. This loan is unsecured.

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 YEAR ENDED DECEMBER 31, 2012**

(6) DEBT (CONTINUED)

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

<u>Year Ending December 31</u>	<u>OWDA Loan Water Plant #2</u>	<u>F&M Line of Credit</u>	<u>OWDA Loan Water Tower</u>	<u>WWP Mort. Revenue Bond</u>	<u>OPWC Loan - Elmwood</u>	<u>Totals</u>
2013	\$ 385,596	\$ 24,487	\$ 95,681	\$ 102,418	\$ 5,171	\$ 613,353
2014	385,596	0	95,681	0	5,171	486,448
2015	385,596	0	95,681	0	5,171	486,448
2016	385,596	0	95,681	0	5,171	486,448
2017	385,596	0	95,681	0	2,586	483,863
2018-2022	1,927,983	0	478,406	0	0	2,406,389
2023-2027	1,927,980	0	127,127	0	0	2,055,107
2028-2032	1,927,980	0	0	0	0	1,927,980
2033-2037	<u>1,927,980</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,927,980</u>
Totals	<u>\$ 9,639,903</u>	<u>\$ 24,487</u>	<u>\$ 1,083,938</u>	<u>\$ 102,418</u>	<u>\$ 23,270</u>	<u>\$ 10,874,016</u>

(7) RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2012, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2012 and 2011, OPERS members contributed 10% of their gross wages. The Village contributed an amount equal to 14% of participants' gross salaries for 2012. The Village has paid all contributions required through December 31, 2012.

Pension expense amounted to \$147,017 for 2012.

(8) RISK MANAGEMENT

The Government belongs to the Ohio Plan 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.

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.

VILLAGE OF DELTA
 FULTON COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2012

(8) RISK MANAGEMENT (CONTINUED)

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 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 767 members as of December 31, 2012. The Village participates in this coverage.

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 members' equity at December 31, 2012.

	<u>2012</u>
Assets	\$ 13,100,381
Liabilities	<u>(6,687,193)</u>
Members' Equity	<u>\$ 6,413,188</u>

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

(9) SUBSEQUENT EVENTS

The Village has evaluated subsequent events through October 22, 2013, the date the financial statements were available to be issued. There were no subsequent events that required adjustment to the financial statements or additional disclosure.

LublinSussman Group LLP

Certified Public Accountants

3166 N. Republic Blvd.
Toledo, Ohio 43615-1572
419-841-2848 Fax 419-841-8178

INDEPENDENT AUDITOR'S 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, 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, the financial statements of Village of Delta, Fulton County, (the Village) as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2013, in which we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Delta's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 of Delta's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider a significant deficiency in internal control. We consider finding 2012-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Delta'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Responses as item 2012-002.

Entity's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seiblin Sussman Group LLP

October 22, 2013
Toledo, Ohio

VILLAGE OF DELTA
FULTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2012

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

FINDING NUMBER 2012-001

Significant Deficiency - Appropriations in Accounting System

During our testing of budgetary compliance, we noted that the latest Council approved appropriation measures did not match the budgeted amounts entered in the accounting system for the general, capital projects, and enterprise fund totaling \$186,339. Such differences could cause deficit spending and spending not in accordance with the legislative authority. We recommend all Council approved appropriation measures be duplicated in the accounting system.

Officials' Response: All Council approved appropriations will be duplicated in the accounting system.

FINDING NUMBER 2012-002

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) provides that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. The Enterprise Fund had expenditures in excess of appropriations of \$43,345.

This difference can cause deficit spending. We recommend the Village review and amend appropriations whenever necessary to prevent expenditures from exceeding appropriations, providing sufficient resources are available.

Officials' Response: All expenditures of money will be lawfully appropriated in accordance with Ohio Revised Code Section 5705.41(B).

VILLAGE OF DELTA
 FULTON COUNTY
 SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-001	Detection of material misstatements	Yes	
2011-002	Preparation of financial statements	Yes	
2011-003	Recording of loan payments	Yes	
2011-004	Estimated resources and appropriations in accounting system	No	Partially Corrected: Appropriations in accounting system finding repeated as 2012-001.

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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
DECEMBER 31, 2013