

VILLAGE OF DELTA

FULTON COUNTY

**JANUARY 1, 2013 TO DECEMBER 31, 2013
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Delta, Fulton County, prepared by LublinSussman Group LLP, for the period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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

September 29, 2014

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Delta (the Village) and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the year ended December 31, 2013, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and/or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2013 bank reconciliation. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 fund cash balances reported in the Fund Status Reports. There was a difference of \$133.
4. We confirmed the December 31, 2013 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation without exception.

Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We selected four reconciling credits (such as deposits in transit) out of the four available reconciling credits from the December 31, 2013 bank reconciliation
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2013 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
8. We tested investments held at December 31, 2013 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semi-annual Apportionment of Taxes* (the Statement) for 2013:
 - a. We traced the gross receipt from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2013. We noted the Receipts Register Report included the proper number of tax receipts for the year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013. We also selected five receipts from the County Auditor's DTLs from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We compared the allocation of income tax receipts for the year ended December 31, 2013 to the Village's funds according to the allocation requirements of Ordinance No. 181.04. The allocation agreed with the percentages the Ordinance requires.
2. We selected five income tax returns filed during 2013.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the cash register tape. The amounts agreed.
 - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
4. We determined whether the receipts were recorded in the year received. We found no exceptions.
5. We selected five income tax refunds from 2013.
 - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds was verbally approved by the Tax Commissioner, but there was no written evidence of these approvals.
 - c. We noted that three of the refunds were paid completely from the general fund, instead of being allocated to the correct funds as required by Ordinance No. 181.04.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2013 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Billing Register Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Register Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the Billing Register Report.
 - a. We noted this report listed \$158,836.10 of accounts receivable as of December 31, 2013.
 - b. Of the total receivables reported in the preceding step, \$0 was recorded as more than 90 days delinquent.
3. We read the City Ordinances for any adjustments.
 - a. We noted this report listed a total of \$0 non-cash receipts adjustments for the year ended December 31, 2013.

Debt

1. From the prior audit documentation, we noted the following bonds, notes, and loans outstanding as of December 31, 2012. These amounts agreed to the Villages January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
Sewer Plant/Revenue Bond	\$ 96,891
Water Tower OWDA Revenue Bond	\$ 797,073
OWDA Loan	\$ 5,995,221
OPWC – Elmwood Street Resurfacing	\$ 23,272
Line of Credit	\$ 24,283

2. We inquired of management, and scanned the Revenue Report and Expense Report for evidence of debt issued during 2013 or debt payment activity during 2013. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of leases, bonded and note debt activity for 2013 and agreed principal and interest payments from the related debt amortization schedules to capital and enterprise fund payments reported in the Expense Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. For new debt issued during 2013, we inspected the debt legislation, noting the Village must use the proceeds to repair the roof of Memorial Hall and to purchase a telephone system. We scanned the Expense Report and noted the Village paid for roof repairs and a telephone system.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 from the Quarterly Payroll Binders and:
 - a. We compared the hours and pay rate, or salary recorded in the Quarterly Payroll Binder to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found one instance in which an employee was on an extended medical leave for which the Village had no written evidence. The employee was a salaried individual and was paid until it was verbally indicated that the employee would be unable to continue working due to medical reasons. Because we did not test all timecards, our report provides no assurance whether or not similar errors occurred.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files and the Village ordinances was consistent with the information used to compute gross and net pay related to this check:
 - a. Name.
 - b. Authorized salary or pay rate.
 - c. Department and fund to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a – f above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2013. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	01/31/14	12/18/13	\$4,423.41	\$4,423.41
State income taxes	01/15/14	12/17/13	\$ 789.53	\$ 789.53
Village of Delta income taxes	01/15/14	12/18/13	\$1,164.67	\$1,164.67
OP&F retirement	01/30/14	12/17/13	\$ 825.98	\$ 825.98
OPERS retirement	01/30/14	12/16/13	\$2,766.73	\$2,766.73

4. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Quarterly Payroll Binder:
 - a. Accumulated leave records.
 - b. The employee's pay rate in effect as of the termination date.
 - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a - c above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Village Check Register for the year ended December 31, 2013 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Village Check Register and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(d). We found one instance where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(d) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.36(a)(1), to the amounts recorded in the Revenue Report for the General, Police, and Water funds for the year ended December 31, 2013. The amount on the *Certificate* did not agree to the amount recorded in the accounting system for the Police Fund. The Revenue Report recorded budgeted (i.e. certified) resources for the Police Fund of \$522,486 for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$550,801. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2013 to determine whether, for the General, Police, and Water Funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(c). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Expense Report for 2013 for the following funds: General Fund, Police Fund, and Water Fund. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Expense Report for the General and Water Funds. The Expense Report recorded budgeted (i.e. certified) appropriations for the General Fund of \$691,682 for 2013. However, the Village ordinances reflected \$691,571. The Expense Report recorded budgeted (i.e. certified) appropriations for the Water Fund of \$1,418,371 for 2013. However, the Village Ordinances reflected \$1,404,760.

Compliance – Budgetary (Continued)

4. Ohio Rev. Code Sections 5705.36(a)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Police, and Fire Funds for the year ended December 31, 2013. We noted that Police Fund appropriations for 2013 exceeded certified resources by \$1,727, contrary to Ohio Rev. Code Section 5705.39. The Council should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Village to incur fund balance deficits.
5. Ohio Rev. Code Section 5705.41(b) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the year ended December 31, 2013 for the General, Police, and Water Funds, as recorded in the Expense Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Report for evidence of new restricted receipts requiring a new fund during December 31, 2013. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2013 Revenue Report and Expense Report for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14-16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Revenue Report to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the year ended December 31, 2013 for negative cash fund balances. Ohio Rev. Code Section 5705.10(i) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Vendor Activity Listing for the year ended December 31, 2013 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(a) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e. cost estimate). We identified no projects requiring the completion of the force account assessment form.

Compliance – Contracts & Expenditures (Continued)

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, the Auditor of State, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

Seublin Sussman Group LLP

August 12, 2014
Toledo, OH



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
OCTOBER 9, 2014**