



Dave Yost • Auditor of State

VILLAGE OF DELTA
FULTON COUNTY
DECEMBER 31, 2017

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2017	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2017	6
Notes to the Financial Statements.....	7
Schedule of Expenditures of Federal Awards	17
Notes to the Schedule of Expenditures of Federal Awards.....	18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	21
Schedule of Findings.....	23
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	26
Corrective Action Plan	27

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Delta, Fulton County, Ohio (the Village) as of and for the year ended December 31, 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Delta, Fulton County, Ohio, as of December 31, 2017, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

July 31, 2018

THIS PAGE WAS INTENTIONALLY LEFT BLANK

VILLAGE OF DELTA
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$114,976	\$303,201			\$418,177
Municipal Income Tax	514,411	46,045	\$207,204		767,660
Intergovernmental Revenue	83,962	246,281	2,303,114		2,633,357
Charges for Services	125,805	5,119			130,924
Fines, Licenses and Permits	20,243	16,823			37,066
Earnings on Investments	37,000	917			37,917
Miscellaneous	31,536	11,899	70		43,505
<i>Total Cash Receipts</i>	<u>927,933</u>	<u>630,285</u>	<u>2,510,388</u>		<u>4,068,606</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	43,153	618,190			661,343
Public Health Services	56,369				56,369
Leisure Time Activities		61,831			61,831
Community Environment	15,781				15,781
Basic Utility Services	63,210		3,708		66,918
Transportation	68,655	166,581	37,924		273,160
General Governemnt	182,046	34,835	20,756		237,637
Capital Outlay		23,597	5,762,401		5,785,998
Debt Service:					
Redemption of Principal			23,934		23,934
Interest and Other Fiscal Charges			3,138		3,138
<i>Total Cash Disbursements</i>	<u>429,214</u>	<u>905,034</u>	<u>5,851,861</u>		<u>7,186,109</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>498,719</u>	<u>(274,749)</u>	<u>(3,341,473)</u>		<u>(3,117,503)</u>
Other Financing Receipts (Disbursements):					
Other Debt Proceeds			3,399,204		3,399,204
Sale of Fixed Assets			9,712		9,712
Transfers In		330,000	2,250		332,250
Transfers Out	(432,250)				(432,250)
Advances In			4,794		4,794
Advances Out	(4,794)				(4,794)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(437,044)</u>	<u>330,000</u>	<u>3,415,960</u>		<u>3,308,916</u>
<i>Net Change in Fund Cash Balances</i>	61,675	55,251	74,487		191,413
<i>Fund Cash Balances, January 1</i>	<u>315,444</u>	<u>429,011</u>	<u>367,608</u>	<u>\$11,189</u>	<u>1,123,252</u>
Fund Cash Balances, December 31					
Nonspendable	292			5,000	5,292
Restricted		484,262	442,095	6,189	932,546
Assigned	36,357				36,357
Unassigned	340,470				340,470
<i>Fund Cash Balances, December 31</i>	<u>\$377,119</u>	<u>\$484,262</u>	<u>\$442,095</u>	<u>\$11,189</u>	<u>\$1,314,665</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELTA
FULTON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$2,230,857		\$2,230,857
Earnings on Investments		\$34	34
Miscellaneous	17,734		17,734
<i>Total Operating Cash Receipts</i>	<u>2,248,591</u>	<u>34</u>	<u>2,248,625</u>
Operating Cash Disbursements:			
Personal Services	739,419		739,419
Transportation	4,782		4,782
Contractual Services	562,242		562,242
Supplies and Materials	197,638		197,638
Other	27,697		27,697
<i>Total Operating Cash Disbursements</i>	<u>1,531,778</u>		<u>1,531,778</u>
<i>Operating Income</i>	<u>716,813</u>	<u>34</u>	<u>716,847</u>
Non-Operating Receipts (Disbursements):			
Property and Other Local Taxes	360,773		360,773
Special Assesments	97		97
Capital Outlay	(407,873)		(407,873)
Redemption of Principal	(383,886)		(383,886)
Interest and Other Fiscal Charges	(290,140)		(290,140)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(721,029)</u>		<u>(721,029)</u>
<i>Income (Loss) before Transfers</i>	<u>(4,216)</u>	<u>34</u>	<u>(4,182)</u>
Transfers In	258,960		258,960
Transfers Out	(158,960)		(158,960)
<i>Net Change in Fund Cash Balances</i>	<u>95,784</u>	<u>34</u>	<u>95,818</u>
<i>Fund Cash Balances, January 1</i>	<u>2,064,533</u>	<u>54,023</u>	<u>2,118,556</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,160,317</u>	<u>\$54,057</u>	<u>\$2,214,374</u>

See accompanying notes to the basic financial statements

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Delta (the Village), Fulton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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 receive fire protection and emergency medical services. The Village receives tax levy monies in a special revenue fund to support a volunteer fire company.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

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

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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

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

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function, with wages separately appropriated, level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$973,525	\$927,933	(\$45,592)
Special Revenue	1,007,143	960,285	(46,858)
Capital Projects	8,083,291	5,926,348	(2,156,943)
Enterprise	2,909,323	2,868,421	(40,902)
Fiduciary	36	34	(2)
Total	\$12,973,318	\$10,683,021	(\$2,290,297)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$938,229	\$867,175	\$71,054
Special Revenue	1,131,612	931,256	200,356
Capital Projects	7,761,801	5,863,504	1,898,297
Enterprise	2,989,189	2,833,683	155,506
Total	\$12,820,831	\$10,495,618	\$2,325,213

Note 4 - Compliance

Contrary to local ordinance, income tax monies were allocated sixty-seven percent to the General Fund, twenty-seven percent to the Capital Projects Fund, three percent to the Park Fund and three percent to the Fire Department Fund.

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 5 – 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>2017</u>
Cash on Hand	<u>\$500</u>
Demand deposits	2,232,080
Certificates of deposit	<u>1,146,886</u>
Total deposits	3,378,966
STAR Ohio	<u>149,573</u>
Total deposits and investments	<u><u>\$3,529,039</u></u>

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

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

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, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 7 – Interfund Transactions

Advances

Outstanding advances at December 31, 2017, consisted of \$130,721 advanced to the capital projects funds by the General Fund to provide working capital for projects.

Transfers

Transfers To	Transfer From			
	General Fund	Water Fund	Sewer Overflow Fund	Sewer Fund
Special Revenue Funds:				
Police Fund	\$330,000			
Capital Projects Funds:				
Downtown Project Fund	2,250			
Enterprise Funds:				
Water Tower Debt Service Fund		\$75,000		
Water Filter Fund		75,000		
Sewer Fund	100,000			
CSO Capital Fund			\$7,960	
Sewer Insurance Fund				\$1,000
Total	<u>\$432,250</u>	<u>\$150,000</u>	<u>\$7,960</u>	<u>\$1,000</u>

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

Note 8 - Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

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

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Note 10 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 11 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$8,752,462	1.00-5.54%
Sewage System Revenue Bonds, Series 2016	3,747,351	1.375%
F&M State Bank Promissory Notes	155,036	4.05-4.75%
PNC Bank Promissory Note	44,084	4.053%
KS State Bank Promissory Note	29,676	3.027%
Fulton County Revolving Loan	4,500	0.00%
Total	<u>\$12,733,109</u>	

The Ohio Water Development Authority (OWDA) loans were used to finance construction of a water plant, water tower, waterlines, sewer plant renovations, and storm and sanitary sewer separation (mandated by the Ohio Environmental Protection Agency). The OWDA approved up to \$10,914,080 in loans to the Village for these projects. The loans began in 2000, 2008, and February 2014 and will mature in 2024, 2038, and 2045, respectively. The Village will repay the loans at \$95,681, \$385,596, and \$118,256 per year in semi-annual installments over the next 25 to 30 years. The December 2014 loan has not yet been finalized. These loans are collateralized by water and sewer utility revenue. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Sewer System Revenue Bonds, Series 2016, dated October 5, 2016, was obtained through the United States Department of Agriculture (USDA) - Rural Development. The Village issued \$3,747,351 in sewer system revenue bonds for the acquisition and construction of improvements to the Village's sewage collection and treatment system. The bonds are for a period of 40 years. The repayment schedule had not been finalized, but the bonds will be paid in monthly installments of a yet to be determined amount including interest at 1.375%, with a tentative final maturity in 2056. These bonds will be paid through utility system user charges collected in the Sewer Overflow Loan Fund.

The Farmers and Merchants State Bank promissory notes were used to pay to purchase a jet vacuum truck in 2016, and water lines to Nature Fresh in 2017. The notes were issued for \$50,000, and \$121,136, respectively, and will mature in October 2019, and January 2021. Income tax monies set aside for capital improvements are used for the payments on the jet vacuum truck. A Community Development Block Grant will fund the water line loan payments.

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

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

Amortization

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

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Year ending December 31:	OWDA Loans	F&M State Bank Promissory Notes	Revolving Loan	PNC Bank Promissory Note	KS State Bank Promissory Note
2018	\$599,533	\$57,500	\$2,250	\$23,416	\$6,493
2019	599,533	58,165	2,250	23,416	6,493
2020	599,533	43,403			6,493
2021	599,533	3,617			6,493
2022	599,533				6,493
2023-2027	2,710,621				
2028-2032	2,519,258				
2033-2037	2,519,258				
2038-2042	784,077				
2043-2045	295,639				
Total	<u>\$11,826,518</u>	<u>\$162,685</u>	<u>\$4,500</u>	<u>\$46,832</u>	<u>\$32,465</u>

Note 12 – Construction and Contractual Commitments

As of December 31, 2017, the Village had the following outstanding contractual purchase commitments for engineering, architect and construction services for a combined sewer overflow abatement project.

Vendor	Contract Amount	Amount Paid as of 12/31/2017	Outstanding Balance
Poggemeyer Design Group Inc.	\$ 560,700	\$ 558,947	\$ 1,753
Salenbien Trucking and Excavating Inc	3,020,878	2,968,519	52,359
Peterson Construction Company	2,438,005	2,321,908	116,097

Note 13 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 14 – Miscellaneous Revenues

General Fund Miscellaneous Receipts primarily consisted of franchise fees, and insurance proceeds.

THIS PAGE WAS INTENTIONALLY LEFT BLANK

**VILLAGE OF DELTA
FULTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Assistance</i>			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 4,970,085
U.S. DEPARTMENT OF JUSTICE			
<i>Direct Assistance</i>			
Bulletproof Vest Partnership Program	16.607	N/A	513
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants	14.228	C-W-15-2NB-1	<u>495,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,465,598</u></u>

**VILLAGE OF DELTA
FULTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Delta, Fulton County, Ohio (the Village's) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position or cash flows of the Village

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed subsequently are administered directly by the Village, and balances and transactions relating to these programs are included in the Villages basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at December 31, 2017 consist of:

CFDA Number	Program/Cluster Name	Outstanding Balance at December 31, 2017
10.760	Water and Waste Water System for Rural Communities	\$3,747,351



Dave Yost • Auditor of State

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

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

To the Village Council

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Delta, Fulton County, Ohio, (the Village) as of and for the year ended December 31, 2017, and the related notes to the financial statements and have issued our report thereon dated July 31, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2017-001 and 2017-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2017-003 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-002.

Village's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

July 31, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Delta, Fulton County, Ohio's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village of Delta's major federal program for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Village's major federal program.

Management's Responsibility

The Village's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Delta, Fulton County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

July 31, 2018

**VILLAGE OF DELTA
FULTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Water and Waste Disposal for Rural Communities – 10.760
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2017-001

Material Weakness – Utility Billings and Collections

Utility billing records should include within the accounts receivable ledger system, a record of all noncash adjustments by account, date and amount. The adjustments should only be made according to Village policy and approved by designated officials not involved in the billing and collection process.

The Village utilizes Software Solutions for water and sewer utility billing and collections. The system allows the Utility Clerk to edit the final monthly billings without the edits showing up on the system generated adjustment report. The Utility Clerk made \$107,008 in utility billing edits after the final bills were sent out. There adjustments which were not included on the system adjustment report and were not approved by management.

This could result in unwarranted and unauthorized transactions being posted to customer utility accounts thereby increasing the risk of inaccurate account balances and the potential for lost revenue due to theft or errors.

The Village should upgrade the utility software so edits to billing cannot be made to the final billings without showing up on the adjustment report. The Administrator should sign-off on all utility edits and adjustments to indicate the transaction has been reviewed and approved.

Officials' Response:

See corrective action plan

FINDING NUMBER 2017-002

Noncompliance Citation – Material Weakness

Village of Delta Ordinance § 181.013 § (B) requires on or after January 1, 2035, the income tax funds collected under the provisions of this chapter shall be applied for the following purposes:

- (1) Sixty-seven percent (67%) to the General Fund for General Operating expenses;
- (2) Twenty-seven percent (27%) may be appropriated by ordinance passed by the Village Council for purposes of maintenance, new equipment, extension and enlargement of municipal services and facilities and capital improvements;
- (3) Three percent (3%) to the Park Fund; and
- (4) Three percent (3%) to the Fire Department Fund.

The Village applied this income tax allocation beginning August 1, 2017. There was no formal approval of this change by Council. As a result, income tax revenues in the General, Park and Fire Department Funds were overstated by \$58,273, \$2,598 and \$2,598, respectively. The Capital Projects Fund was understated by \$63,469.

The Village should post income tax monies in accordance with Village ordinances in effect at the time of allocation.

On June 18, 2018, the Village approved a retroactive ordinance to allow income tax allocation according to Village of Delta Ordinance § 181.013 § (B) to take effect on August 1, 2017.

Officials' Response:

See corrective action plan

FINDING NUMBER 2017-003

Significant Deficiency – Fund Balance Classification

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

Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod 1800.176 requires an assignment of fund balance within the General fund when appropriations adopted for the subsequent year exceed the estimated revenues for that year. 2018 General fund appropriations of

\$1,100,503 exceeded estimated receipts of \$1,065,063; leaving \$35,440 that should be reported as assigned fund balance at December 31, 2017.

This error was not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to reflect this change. Additional insignificant errors were also noted for the years ended December 31, 2017

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Finance Director and Village Council, to help identify and correct errors and omissions. The Finance Director can refer to Auditor of State Bulletin 2011-004 at the following website address for information on GASB Statement No. 54: <http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

Officials' Response:

See corrective action plan

3. FINDINGS FOR FEDERAL AWARDS

None

Delta, Ohio

“THE COMMUNITY OF OPPORTUNITY”

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding first reported in 2015. Significant Deficiency for misclassification of homestead and rollback receipts.	Corrected action was taken and finding is fully corrected.	

Delta, Ohio
“THE COMMUNITY OF OPPORTUNITY”

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Management is aware and understands the importance of approvals for all edits concerning utility billing, therefore has implemented software upgrades during October 2017 to ensure there is no lost revenue due to theft.	12/31/2018	Stephanie Mossing, Finance Director
2017-002	Management is aware and understands the importance that income tax monies should only be posted based on Village Ordinance, and will ensure formal action is taken in the future for all changes	12/31/2018	Stephanie Mossing, Finance Director
2017-003	Management is aware and understands the importance of the classification of fund balances, and will ensure balances are correctly reported on the financial statements	12/31/2018	Stephanie Mossing, Finance Director

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF DELTA

FULTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 16, 2018