



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF DELTA  
FULTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2020 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2020 .....	6
Combined Statement of Additions, Deductions and Changes in Fund Balance (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2020 .....	7
Notes to the Financial Statements For the Year Ended December 31, 2020 .....	8
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Findings .....	21
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	23

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



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

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Delta, Fulton County, Ohio (the Village).

### ***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, 2020, 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village 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.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 16, 2021

**This page intentionally left blank.**



VILLAGE OF DELTA  
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$123,627	\$260,756			\$384,383
Municipal Income Tax	813,279	34,852	\$313,664		1,161,795
Intergovernmental Revenue	103,739	595,065	121,649		820,453
Charges for Services	160,948	6,750			167,698
Fines, Licenses and Permits	29,431	15,901			45,332
Earnings on Investments	50,544	812	3		51,359
Miscellaneous	79,389	22,009	268		101,666
<i>Total Cash Receipts</i>	<u>1,360,957</u>	<u>936,145</u>	<u>435,584</u>		<u>2,732,686</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	35,710	459,770			495,480
Public Health Services	47,036	192,640			239,676
Leisure Time Activities		42,960			42,960
Community Environment	23,397				23,397
Basic Utility Services	144,831				144,831
Transportation	93,881	179,529			273,410
General Government	210,007	32,798	27,062		269,867
Capital Outlay		379,756	375,189		754,945
Debt Service:					
Redemption of Principal			20,456		20,456
Interest and Other Fiscal Charges			22,266		22,266
<i>Total Cash Disbursements</i>	<u>554,862</u>	<u>1,287,453</u>	<u>444,973</u>		<u>2,287,288</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>806,095</u>	<u>(351,308)</u>	<u>(9,389)</u>		<u>445,398</u>
<b>Other Financing Receipts (Disbursements):</b>					
Other Debt Proceeds			13,188		13,188
Sale of Capital Assets			30,602		30,602
Transfers In		200,000	106,448		306,448
Transfers Out	(356,448)				(356,448)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(356,448)</u>	<u>200,000</u>	<u>150,238</u>		<u>(6,210)</u>
<i>Net Change in Fund Cash Balances</i>	449,647	(151,308)	140,849		439,188
<i>Fund Cash Balances, January 1</i>	<u>992,238</u>	<u>544,354</u>	<u>512,808</u>	<u>\$11,189</u>	<u>2,060,589</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,441,885</u>	<u>\$393,046</u>	<u>\$653,657</u>	<u>\$11,189</u>	<u>\$2,499,777</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELTA  
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCES (REGULATORY CASH BASIS) - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$2,285,105
Miscellaneous	79,493
	<u>2,364,598</u>
<i>Total Operating Cash Receipts</i>	<u>2,364,598</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	758,135
Transportation	2,518
Contractual Services	512,863
Supplies and Materials	253,131
Other	14,442
	<u>1,541,089</u>
<i>Total Operating Cash Disbursements</i>	<u>1,541,089</u>
<i>Operating Income</i>	<u>823,509</u>
<b>Non-Operating Receipts (Disbursements):</b>	
Property and Other Local Taxes	57,472
Special Assessments	3,799
Capital Outlay	(439,754)
Redemption of Principal	(446,190)
Interest and Other Fiscal Charges	(323,967)
	<u>(1,148,640)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,148,640)</u>
<i>Loss before Transfers</i>	(325,131)
Transfers In	206,980
Transfers Out	(156,980)
	<u>(275,131)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(275,131)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,568,537</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,293,406</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF DELTA  
FULTON COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN  
FUND BALANCE (REGULATORY CASH BASIS) - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Fiduciary Fund Type</b>
	<b>Custodial</b>
	<b>Other Custodial</b>
<b>Additions:</b>	
Other Amounts Collected for Distribution	\$37,407
<i>Net Change in Fund Balance</i>	37,407
<i>Fund Cash Balance, January 1</i>	_____
<i>Fund Cash Balance, December 31</i>	\$37,407

*See accompanying notes to the basic financial statements*

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 1– Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Delta, Fulton County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, maintenance of Village roads and bridges, and police services. The Village has paramedics, intermediate EMTs, basic medical personnel and first responders who provide emergency medical services within the Village and other areas. A volunteer fire department provides fire services.

***Public Entity Risk Pool***

The Village participates in two public entity risk pools. Notes 8 and 11 to the financial statements provide additional information for these entities. 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 cash 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 fund types and a combined statement of additions, deductions and changes in fund balance (regulatory cash basis) fiduciary fund type which are organized on a fund type basis.

***Basis of Accounting***

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

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

***Deposits and Investments***

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

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

***Fund Accounting***

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

VILLAGE OF DELTA  
FULTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

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

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

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

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

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

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

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

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

**Cemetery Endowment Fund** This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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

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

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

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

VILLAGE OF DELTA  
FULTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for an insurance escrow to clean a property within the Village.

**Budgetary Process**

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 4.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts that are not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

	2020
<b>Cash Management Pool:</b>	
Cash on Hand	\$500
Demand Deposits	2,715,335
Certificates of Deposit	1,446,472
CDARS	511,080
Total deposits	4,673,387
STAR Ohio	157,203
Total deposits and investments	\$4,830,590
 <b>Segregated Accounts - Not held in the Pool</b>	
Payroll Clearing Account (Not held in Pool)	\$17,018

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings.

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,399,933	\$1,360,957	(\$38,976)
Special Revenue	1,345,317	1,136,145	(209,172)
Capital Projects	536,911	585,822	48,911
Enterprise	2,654,235	2,632,849	(21,386)
Total	\$5,936,396	\$5,715,773	(\$220,623)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,272,683	\$911,910	\$360,773
Special Revenue	1,731,582	1,343,722	387,860
Capital Projects	442,499	444,973	(2,474)
Enterprise	3,077,069	2,942,343	134,726
Total	\$6,523,833	\$5,642,948	\$880,885

**Note 5 – Taxes**

***Property Taxes***

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



**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the county by each April 30.

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

***Income Taxes***

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

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

**Note 6 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2020, consisted of \$164,218 advanced to Capital Project fund to provide working capital for operations or projects.

***Transfers***

<u>Transfers To</u>	<u>Transfer From</u>			
	<u>General Fund</u>	<u>CSO Sewer Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Special Revenue Funds:				
Park Fund				
Police Fund	\$200,000			
Capital Projects Funds:				
Downtown Project Fund	106,448			
Enterprise Funds:				
Water Tower Debt Srv Fund			\$70,000	
Water Fund				
Water Filter Fund			75,000	
Sewer Fund	50,000			
CSO Capital Fund		\$9,980		
Sewer Insurance Fund				\$2,000
Total	<u>\$356,448</u>	<u>\$9,980</u>	<u>\$145,000</u>	<u>\$2,000</u>

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

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

**Note 7 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$9,360,759	1.00-5.54%
Sewage System Revenue Bonds, Series 2016	3,883,928	1.375%
Alan Investments, LLC Promissory Note	545,502	4.000%
Total	\$13,790,189	

The Ohio Water Development Authority (OWDA) loans were used to finance construction of a water plant, water tower, waterlines, sewer plant renovations, and storm and sanitary sewer separation (mandated by the Ohio Environmental Protection Agency). The OWDA approved up to \$12,533,868 in loans to the Village for these projects. The loans began in 2000, 2008, and February 2014 and will mature in 2024, 2038, and 2045, respectively. The Village will repay the loans at \$95,681, \$385,596, and \$118,256 per year in semi-annual installments over the next 25 to 30 years. The December 2014 and September 2018 loans have not yet been finalized. These loans are collateralized by water and sewer utility revenue. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Sewer System Revenue Bonds, Series 2016, dated October 5, 2016, was obtained through the United States Department of Agriculture (USDA) - Rural Development. The Village issued \$3,873,713 in sewer system revenue bonds for the acquisition and construction of improvements to the Village’s sewage collection and treatment system. The bonds are for a period of 40 years. The repayment schedule has not been finalized, but the bonds will be paid in monthly installments of a yet to be determined amount including interest at 1.375%, with a tentative final maturity in 2056. These bonds will be paid through utility system user charges collected in the Sewer Overflow Loan fund.

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

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

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

Year Ending December 31:	OWDA Loans	Alan Investments, LLC Promissory Note	USDA Loans
2021	\$661,377	\$42,722	\$139,345
2022	661,757	42,722	139,345
2023	661,757	521,719	139,345
2024	661,757		139,345
2025	566,076		139,345
2026-2030	2,830,380		696,723
2031-2035	2,830,380		696,723
2036-2040	1,866,390		696,723
2041-2045	843,273		696,723
2046-2050	280,010		696,723
2051-2055			696,723
2055			54,535
Total	<u>\$11,863,157</u>	<u>\$607,163</u>	<u>\$4,931,598</u>

**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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2020, the OPRM’s property retention increased from 30% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	( 13,530,267)
Members’ Equity	<u>\$ 5,296,707</u>

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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, 2020.

***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, 2020.

**Note 10 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 11 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**VILLAGE OF DELTA  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 600	\$ 56,269	\$ 56,869

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balance (Regulatory Cash Basis) – Fiduciary Fund Type, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 15 – Miscellaneous Revenues**

Miscellaneous receipts in the General Fund primarily consisted of Ohio Bureau of Workers’ compensation (OBWC) refunds.

**Note 16 – Compliance**

Contrary to Ohio Rev. Code § 5705.10(D), the Village recorded insurance proceeds in the wrong fund.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Delta, Fulton County, Ohio (the Village) and have issued our report thereon dated August 16, 2021, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

***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 financial statements. 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 or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 16, 2021



VILLAGE OF DELTA  
FULTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020

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

FINDING NUMBER 2020-001

**Material Weakness – Financial Reporting**

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

The Village incorrectly transferred monies from the Coronavirus Relief Fund to reimburse expenditures paid from other funds for expenditures incurred due to the public health emergency. These monies should have been recorded as an expenditure in the Coronavirus Relief Fund and a reduction of expenditure in the fund being reimbursed. Expenditures from the Coronavirus Relief Fund were incorrectly recorded as transfers out in the amount of \$167,959. Expenditures from the General Fund - Public Health Services, Police Fund - Security of Persons and Property, Park Fund - Capital Outlay, Sewer Fund - Capital Outlay and Water Fund - Capital Outlay in the amounts of \$1,569, \$164,362, \$124, \$429 and \$1,475, respectively, were incorrectly recorded and adjusted to eliminate the expenditure and the transfer in.

These errors were not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. Failing to prepare accurate financial statements could lead the Village or financial statement user to make misinformed decisions. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$4,391 to \$16,928 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and the Village Council, to help identify and correct errors and omissions.

**Officials' Response:**

This finding is fittingly noted and, in the future, will be recorded properly.

**FINDING NUMBER 2020-002**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Due to deficiencies in internal controls, the Village inappropriately recorded \$37,407 of insurance proceeds from fire damage in the General Fund. Given the source of the revenue, this should have been recorded in the Fire Trust Fund, a custodial fund, in accordance with **Ohio Rev. Code § 3929.86(D)** which provides upon receipt of proceeds by the municipal corporation or township as authorized by this section, the designated officer shall place the proceeds in a separate fund to be used solely as security against the total cost of removing, repairing, or securing incurred by the municipal corporation. Audit adjustments are reflected in the financial statements and in the Village's accounting records.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to verify all transactions are reviewed to help ensure posting to the proper funds.

**Officials' Response:**

A Fire Trust Fund is in the process of being created and will be utilized in the future for fire damage insurance revenue.

**Delta, Ohio**  
"THE COMMUNITY OF OPPORTUNITY"

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Finding first reported in 2018. Material weakness due to financial statement reporting errors.	Not corrected and reissued as Finding 2020-001 in this report.	Additional errors occurred and were not detected by the Village. Management is aware and understands the importance of the information presented on the financial statements and will ensure the financial statements are properly presented.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF DELTA**

**FULTON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/31/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)