

**VILLAGE OF DELTA**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2005 AND 2004**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Delta, Fulton County, prepared by LublinSussman Group LLP, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 6, 2007

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**LublinSussman Group** LLP  
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**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Village of Delta, Fulton County, (the Village) as of December 31, 2005 and 2004, which collectively comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.


As described in Note 1, the Village prepares its financial statements and notes on the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Delta, Fulton County, as of December 31, 2005 and 2004, and the respective changes in modified cash basis financial position for the years then ended in conformity with the basis of accounting described in Note 1.

For the years ended December 31, 2005 and 2004 the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The Village has not presented the Management and Discussion Analysis and Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balance - Budget and Actual that Governmental Accounting Standard No. 34 has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2007 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Lublin Sussman Group LLP". The signature is written in a cursive, flowing style.

January 17, 2007  
Toledo, Ohio



VILLAGE OF DELTA  
 FULTON COUNTY  
 STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
 DECEMBER 31, 2005

	Governmental <u>Activities</u>	Business- <u>Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash, Cash Equivalents and Investments	\$ <u>730,197</u>	\$ <u>910,917</u>	\$ <u>1,641,114</u>
<b>Total Assets</b>	<b>\$ <u>730,197</u></b>	<b>\$ <u>910,917</u></b>	<b>\$ <u>1,641,114</u></b>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 184,440	\$ 3,833	\$ 188,273
Debt Service	7,577	0	7,577
Other Purposes	456,608	0	456,608
Cemetery Endowment-Nonexpendable	12,946	0	12,946
Unrestricted	<u>68,626</u>	<u>907,084</u>	<u>975,710</u>
<b>Total Net Assets</b>	<b>\$ <u>730,197</u></b>	<b>\$ <u>910,917</u></b>	<b>\$ <u>1,641,114</u></b>

See Notes to Financial Statements

VILLAGE OF DELTA  
 FULTON COUNTY  
 STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
 DECEMBER 31, 2004

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	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash, Cash Equivalents and Investments	\$ <u>475,795</u>	\$ <u>704,974</u>	\$ <u>1,180,769</u>
Total Assets	\$ <u>475,795</u>	\$ <u>704,974</u>	\$ <u>1,180,769</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 51,562	\$ 2,620	\$ 54,182
Debt Service	22,813	0	22,813
Other Purposes	365,666	0	365,666
Cemetery Endowment-Nonexpendable	12,946	0	12,946
Unrestricted	<u>22,808</u>	<u>702,354</u>	<u>725,162</u>
Total Net Assets	\$ <u>475,795</u>	\$ <u>704,974</u>	\$ <u>1,180,769</u>

See Notes to Financial Statements

VILLAGE OF DELTA  
FULTON COUNTY  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets		
	Cash Disbursement	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities							
General Government	\$ 222,130	\$ 15,181	\$ 0	\$ 0	\$ (206,949)	\$ 0	\$ (206,949)
Security of Persons and Property	487,496	35,746	5,332	0	(446,418)	0	(446,418)
Leisure Time Activities	142,679	93,594	6,855	2,316	(39,914)	0	(39,914)
Community Environment	12,705	1,075	0	0	(11,630)	0	(11,630)
Transportation	199,706	0	149,321	0	(50,385)	0	(50,385)
Capital Outlay	4,111,230	0	0	0	(4,111,230)	0	(4,111,230)
Debt Service: Principal	421,164	0	0	0	(421,164)	0	(421,164)
Interest and Fiscal Charges	163,217	0	0	0	(163,217)	0	(163,217)
Public Health Services	9,381	11,152	0	0	1,771	0	1,771
Basic Utilities	93,763	78,437	0	0	(15,326)	0	(15,326)
Total Governmental Activities	<u>5,863,471</u>	<u>235,185</u>	<u>161,508</u>	<u>2,316</u>	<u>(5,464,462)</u>	<u>0</u>	<u>(5,464,462)</u>
Business Type Activities							
Water	690,045	648,261	0	0	0	(41,784)	(41,784)
Sewer	414,211	437,071	0	0	0	22,860	22,860
Total Business Type Activities	<u>1,104,256</u>	<u>1,085,332</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,924)</u>	<u>(18,924)</u>
Total Primary Governments	<u>\$ 6,967,727</u>	<u>\$ 1,320,517</u>	<u>\$ 161,508</u>	<u>\$ 2,316</u>	<u>(5,464,462)</u>	<u>(18,924)</u>	<u>(5,483,386)</u>
General Cash Receipts and Transfers							
Property and Other Taxes					824,470	296,647	1,121,117
Intergovernmental					250,020	0	250,020
Notes Issued					4,515,402	0	4,515,402
Investment Earnings					44,134	0	44,134
Miscellaneous					12,420	638	13,058
Transfer In/(Out)					72,418	(72,418)	0
Total General Cash Receipts and Transfers					5,718,864	224,867	5,943,731
Change in Net Assets					254,402	205,943	460,345
Net Assets Beginning of Year					475,795	704,974	1,180,769
Net Assets End of Year					<u>\$ 730,197</u>	<u>\$ 910,917</u>	<u>\$ 1,641,114</u>

See Notes to Financial Statements

VILLAGE OF DELTA  
 FULTON COUNTY  
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets			
	Cash Disbursement	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 200,664	\$ 12,724	\$ 0	\$ 0	\$ (187,940)	\$ 0	\$ (187,940)
Security of Persons and Property	501,273	42,571	5,235	0	(453,467)	0	(453,467)
Leisure Time Activities	102,862	53,751	6,731	31,000	(11,380)	0	(11,380)
Community Environment	7,990	1,492	0	0	(6,498)	0	(6,498)
Transportation	181,671	0	139,167	0	(42,504)	0	(42,504)
Capital Outlay	281,236	0	0	0	(281,236)	0	(281,236)
Debt Service: Principal	163,214	0	0	0	(163,214)	0	(163,214)
Interest and Fiscal Charges	89,949	0	0	0	(89,949)	0	(89,949)
Public Health Services	20,722	13,666	0	0	(7,056)	0	(7,056)
Basic Utilities	76,050	83,380	0	0	7,330	0	7,330
Total Governmental Activities	<u>1,625,631</u>	<u>207,584</u>	<u>151,133</u>	<u>31,000</u>	<u>(1,235,914)</u>	<u>0</u>	<u>(1,235,914)</u>
<b>Business Type Activities</b>							
Water	737,474	517,452	0	0	0	(220,022)	(220,022)
Sewer	450,287	425,183	0	0	0	(25,104)	(25,104)
Total Business Type Activities	<u>1,187,761</u>	<u>942,635</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(245,126)</u>	<u>(245,126)</u>
Total Both Governmental & Business Type Activities	<u>\$ 2,813,392</u>	<u>\$ 1,150,219</u>	<u>\$ 151,133</u>	<u>\$ 31,000</u>	<u>(1,235,914)</u>	<u>(245,126)</u>	<u>(1,481,040)</u>
<b>General Cash Receipts and Transfers</b>							
Property and Other Taxes					728,713	240,337	969,050
Intergovernmental					204,264	0	204,264
Notes Issued					195,187	0	195,187
Investment Earnings					24,032	0	24,032
Miscellaneous					17,412	6,144	23,556
Other Financing Sources/(Uses)					(100)	0	(100)
Transfer In/(Out)					86,800	(86,800)	0
Total General Cash Receipts and Transfers					<u>1,256,308</u>	<u>159,681</u>	<u>1,415,989</u>
Change in Net Assets					20,394	(85,445)	(65,051)
Net Assets Beginning of Year					455,401	790,419	1,245,820
Net Assets End of Year					<u>\$ 475,795</u>	<u>\$ 704,974</u>	<u>\$ 1,180,769</u>

See Notes to Financial Statements

**VILLAGE OF DELTA**  
**FULTON COUNTY**  
**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2005**

	General	Fire	Capital Projects - General	Capital Projects - Water Treatment Plant	Other Governmental Funds	Total
<b>Assets</b>						
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 68,626	\$ 214,360	\$ 152,476	\$ 31,857	\$ 262,878	\$ 730,197
Total Assets	\$ 68,626	\$ 214,360	\$ 152,476	\$ 31,857	\$ 262,878	\$ 730,197
<b>Fund Balances</b>						
Reserved for Encumbrances	\$ 0	\$ 0	\$ 11,455	\$ 1,550,290	\$ 0	\$ 1,561,745
Unreserved, undesignated reported in:						
General Fund	68,626	0	0	0	0	68,626
Special Revenue Funds	0	214,360	0	0	232,531	446,892
Debt Service Funds	0	0	0	0	7,577	7,577
Capital Projects Funds	0	0	141,021	(1,518,433)	107	(1,377,305)
Permanent Funds	0	0	0	0	22,663	22,663
Total Fund Balances	\$ 68,626	\$ 214,360	\$ 152,476	\$ 31,857	\$ 262,878	\$ 730,197

See Notes to Financial Statements

**VILLAGE OF DELTA**  
**FULTON COUNTY**  
**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Street Construction, Maintenance and Repair	Fire	Capital Projects -General	Other Governmental Funds	Total
<b>Assets</b>						
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 22,808	\$ 28,086	\$ 185,416	\$ 59,935	\$ 179,550	\$ 475,795
<b>Total Assets</b>	<b>\$ 22,808</b>	<b>\$ 28,086</b>	<b>\$ 185,416</b>	<b>\$ 59,935</b>	<b>\$ 179,550</b>	<b>\$ 475,795</b>
<b>Fund Balances</b>						
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,473,429	\$ 1,473,429
Unreserved, undesignated reported in:						
General Fund	22,808	0	0	0	0	22,808
Special Revenue Funds	0	28,086	185,416	0	138,950	352,452
Debt Service Funds	0	0	0	0	22,813	22,813
Capital Projects Funds	0	0	0	59,935	(1,481,802)	(1,421,867)
Permanent Funds	0	0	0	0	26,160	26,160
<b>Total Fund Balances</b>	<b>\$ 22,808</b>	<b>\$ 28,086</b>	<b>\$ 185,416</b>	<b>\$ 59,935</b>	<b>\$ 179,550</b>	<b>\$ 475,795</b>

See Notes to Financial Statements

VILLAGE OF DELTA  
 FULTON COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Fire	Capital Projects - General	Capital Projects - Water Treatment	Other Governmental Funds	Total
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$ 515,163	\$ 56,817	\$ 160,350	\$ 0	\$ 92,140	\$ 824,470
Charges for Services	90,640	0	0	0	93,594	184,234
Fines, Licenses and Permits	26,615	0	0	0	10,310	36,925
Intergovernmental	224,953	5,332	0	0	181,242	411,527
Interest Income	39,228	0	0	0	4,906	44,134
Miscellaneous	12,171	0	0	0	16,592	28,763
<b>Total Cash Receipts</b>	<b>\$ 908,770</b>	<b>\$ 62,149</b>	<b>\$ 160,350</b>	<b>\$ 0</b>	<b>\$ 398,784</b>	<b>\$ 1,530,053</b>
<b>Cash Disbursements</b>						
Current:						
General Government	\$ 222,130	\$ 0	\$ 0	\$ 0	\$ 0	\$ 222,130
Security of Persons and Property	454,890	32,000	0	0	606	487,496
Leisure Time Activities	445	0	0	0	142,234	142,679
Basic Utility Service	93,763	0	0	0	0	93,763
Public Health Service	9,381	0	0	0	0	9,381
Community Environment	12,705	0	0	0	0	12,705
Transportation	62,304	0	0	0	137,402	199,706
Capital Outlay	7,132	1,205	44,624	4,032,876	25,393	4,111,230
Debt Service:						
Principal Retirement	0	0	0	349,985	71,179	421,164
Interest and Fiscal Charges	0	0	0	92,204	71,013	163,217
<b>Total Cash Disbursements</b>	<b>862,750</b>	<b>33,205</b>	<b>44,624</b>	<b>4,475,065</b>	<b>447,827</b>	<b>5,863,471</b>
<b>Receipts Over (Under) Disbursements</b>	<b>46,020</b>	<b>28,944</b>	<b>115,726</b>	<b>(4,475,065)</b>	<b>(49,043)</b>	<b>(4,333,418)</b>
<b>Other Financing Sources (Uses)</b>						
Sales of Notes and Bonds	0	0	0	4,515,402	0	4,515,402
Transfers In	0	0	0	0	95,805	95,805
Transfers Out	(202)	0	(23,185)	0	0	(23,387)
<b>Total Other Financing Sources (Uses)</b>	<b>(202)</b>	<b>0</b>	<b>(23,185)</b>	<b>4,515,402</b>	<b>95,805</b>	<b>4,587,820</b>
<b>Net Change in Fund Balances</b>	<b>45,818</b>	<b>28,944</b>	<b>92,541</b>	<b>40,337</b>	<b>46,762</b>	<b>254,402</b>
<b>Fund Balances Beginning of Year</b>	<b>22,808</b>	<b>185,416</b>	<b>59,935</b>	<b>(8,480)</b>	<b>216,116</b>	<b>475,795</b>
<b>Fund Balances End of Year</b>	<b>\$ 68,626</b>	<b>\$ 214,360</b>	<b>\$ 152,476</b>	<b>\$ 31,857</b>	<b>\$ 262,878</b>	<b>\$ 730,197</b>

See Notes to Financial Statements

VILLAGE OF DELTA  
 FULTON COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	General	Street Construction, Maintenance, and Repair	Fire	Capital Projects - General	Other Governmental Funds	Total
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$ 454,590	\$ 507	\$ 53,778	\$ 129,912	\$ 90,432	\$ 729,219
Charges for Services	97,856	0	0	0	53,751	151,607
Fines, Licenses and Permits	37,587	0	0	0	6,303	43,890
Intergovernmental	178,846	128,730	5,235	0	42,587	355,398
Investment Earnings	16,441	144	0	0	7,447	24,032
Miscellaneous	17,278	134	0	0	42,580	59,992
<b>Total Cash Receipts</b>	<b>802,598</b>	<b>129,515</b>	<b>59,013</b>	<b>129,912</b>	<b>243,100</b>	<b>1,364,138</b>
<b>Cash Disbursements</b>						
Current:						
General Government	196,166	533	546	876	2,543	200,664
Security of Persons and Property	463,268	0	37,673	0	332	501,273
Leisure Time Activities	0	0	0	0	102,862	102,862
Basic Utility Service	76,050	0	0	0	0	76,050
Public Health Service	20,722	0	0	0	0	20,722
Community Environment	7,990	0	0	0	0	7,990
Transportation	58,245	114,853	0	0	8,573	181,671
Capital Outlay	3,290	2,278	2,410	74,393	198,865	281,236
Debt Service:						
Principal Retirement	0	0	0	71,000	92,214	163,214
Interest and Fiscal Charges	0	0	0	0	89,949	89,949
<b>Total Cash Disbursements</b>	<b>825,731</b>	<b>117,664</b>	<b>40,629</b>	<b>146,269</b>	<b>495,338</b>	<b>1,625,631</b>
<b>Receipts Over (Under) Disbursements</b>	<b>(23,133)</b>	<b>11,851</b>	<b>18,384</b>	<b>(16,357)</b>	<b>(252,238)</b>	<b>(261,493)</b>
<b>Other Financing Sources (Uses)</b>						
Sales of Notes and Bonds	0	0	0	0	195,187	195,187
Transfers In	0	0	0	0	86,839	86,839
Transfers Out	(39)	0	0	0	0	(39)
Other Financing Uses	(100)	0	0	0	0	(100)
<b>Total Other Financing Sources (Uses)</b>	<b>(139)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>282,026</b>	<b>281,887</b>
<b>Net Change in Fund Balances</b>	<b>(23,272)</b>	<b>11,851</b>	<b>18,384</b>	<b>(16,357)</b>	<b>29,788</b>	<b>20,394</b>
<b>Fund Balances Beginning of Year</b>	<b>46,080</b>	<b>16,235</b>	<b>167,032</b>	<b>76,292</b>	<b>149,762</b>	<b>455,401</b>
<b>Fund Balances End of Year</b>	<b>22,808</b>	<b>28,086</b>	<b>185,416</b>	<b>59,935</b>	<b>179,550</b>	<b>475,795</b>

See Notes to Financial Statements



VILLAGE OF DELTA  
 FULTON COUNTY  
 STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2005

	<u>Water Operating Fund</u>	<u>Sewer Reserve Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Fund</u>
<b>Assets</b>				
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 633,735	\$ 98,800	\$ 178,382	\$ 910,917
Total Assets	<u>\$ 633,735</u>	<u>\$ 98,800</u>	<u>\$ 178,382</u>	<u>\$ 910,917</u>
<b>Net Assets</b>				
Restricted for:				
Capital Projects	\$ 0	\$ 0	\$ 3,833	\$ 3,833
Unrestricted	<u>633,735</u>	<u>98,800</u>	<u>174,549</u>	<u>907,084</u>
Total Net Assets	<u>\$ 633,735</u>	<u>\$ 98,800</u>	<u>\$ 178,382</u>	<u>\$ 910,917</u>

See Notes to Financial Statements

**VILLAGE OF DELTA**  
**FULTON COUNTY**  
**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2004**

	<u>Water</u> <u>Operating</u> <u>Fund</u>	<u>Sewer</u> <u>Operating</u> <u>Fund</u>	<u>Sewer</u> <u>Reserve</u> <u>Fund</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
<b>Assets</b>					
Equity in Pooled Cash, Cash					
Equivalents and Investments	\$ <u>451,288</u>	\$ <u>45,881</u>	\$ <u>98,800</u>	\$ <u>109,005</u>	\$ <u>704,974</u>
Total Assets	\$ <u>451,288</u>	\$ <u>45,881</u>	\$ <u>98,800</u>	\$ <u>109,005</u>	\$ <u>704,974</u>
<b>Net Assets</b>					
Restricted for:					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 2,620	\$ 2,620
Unrestricted	<u>451,288</u>	<u>45,881</u>	<u>98,800</u>	<u>106,385</u>	<u>702,354</u>
Total Net Assets	\$ <u>451,288</u>	\$ <u>45,881</u>	\$ <u>98,800</u>	\$ <u>109,005</u>	\$ <u>704,974</u>

See Notes to Financial Statements

VILLAGE OF DELTA  
 FULTON COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
 CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	BUSINESS-TYPE ACTIVITIES			
	<u>Water Operating Fund</u>	<u>Sewer Reserve Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Operating Receipts				
Charges for Services	\$ 648,261	\$ 0	\$ 437,070	\$ 1,085,331
Miscellaneous	<u>0</u>	<u>0</u>	<u>638</u>	<u>638</u>
Total Receipts	<u>\$ 648,261</u>	<u>\$ 0</u>	<u>\$ 437,708</u>	<u>\$ 1,085,969</u>
Operating Disbursements				
Transportation	\$ 78	\$ 0	\$ 52	\$ 130
Personal Services	404,371	0	148,441	552,812
Contractual Services	78,856	0	81,766	160,622
Supplies and Materials	123,490	0	80,669	204,159
Capital Outlay	<u>70,633</u>	<u>0</u>	<u>1,238</u>	<u>71,871</u>
Total Operating Disbursements	<u>677,428</u>	<u>0</u>	<u>312,166</u>	<u>989,594</u>
Operating Income (Loss)	(29,167)	0	125,542	96,375
Non-Operating Receipts/(Disbursements)				
Property and Other Local Taxes	296,647	0	0	296,647
Debt Service:				
Principal	(10,274)	0	(62,509)	(72,783)
Interest and Other Fiscal Charges	<u>(2,341)</u>	<u>0</u>	<u>(39,537)</u>	<u>(41,878)</u>
Total Non-Operating Receipts (Disbursements)	<u>284,032</u>	<u>0</u>	<u>(102,046)</u>	<u>181,986</u>
Excess of Receipts Over Disbursements Before Interfund				
Transfers	254,865	0	23,496	278,361
Transfers-In	0	0	102,074	102,074
Transfers-Out	<u>(72,418)</u>	<u>0</u>	<u>(102,074)</u>	<u>(174,492)</u>
Change in Net Assets	182,447	0	23,496	205,943
Net Assets Beginning of Year	<u>451,288</u>	<u>98,800</u>	<u>154,886</u>	<u>704,974</u>
Net Assets End of Year	<u>\$ 633,735</u>	<u>\$ 98,800</u>	<u>\$ 178,382</u>	<u>\$ 910,917</u>

See Notes to Financial Statements

VILLAGE OF DELTA  
 FULTON COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
 CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUSINESS-TYPE ACTIVITIES				
	<u>Water Operating Fund</u>	<u>Sewer Operating Fund</u>	<u>Sewer Reserve Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Operating Receipts					
Charges for Services	\$ 517,452	\$ 425,183	\$ 0	\$ 0	\$ 942,635
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,144</u>	<u>6,144</u>
Total Receipts	<u>\$ 517,452</u>	<u>\$ 425,183</u>	<u>\$ 0</u>	<u>\$ 6,144</u>	<u>\$ 948,779</u>
Operating Disbursements					
Transportation	\$ 119	\$ 80	\$ 0	\$ 0	\$ 199
Personal Services	370,143	175,328	0	0	545,471
Contractual Services	65,383	83,919	0	0	149,302
Supplies and Materials	94,305	82,323	0	5,000	181,628
Capital Outlay	<u>60,050</u>	<u>1,507</u>	<u>0</u>	<u>0</u>	<u>61,557</u>
Total Operating Disbursements	<u>590,000</u>	<u>343,157</u>	<u>0</u>	<u>5,000</u>	<u>938,157</u>
Operating Income (Loss)	(72,548)	82,026	0	1,144	10,622
Non-Operating Receipts/(Disbursements)					
Property and Other Local Taxes	240,337	0	0	0	240,337
Debt Service					
Principal	(9,490)	0	0	(185,194)	(194,684)
Interest and Other Fiscal Charges	<u>(3,005)</u>	<u>0</u>	<u>0</u>	<u>(51,915)</u>	<u>(54,920)</u>
Total Non-Operating Receipts (Disburse- ments)	<u>227,842</u>	<u>0</u>	<u>0</u>	<u>(237,109)</u>	<u>(9,267)</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	155,294	82,026	0	(235,965)	1,355
Transfers-In	0	0	0	105,110	105,110
Transfers-Out	<u>(89,718)</u>	<u>(102,192)</u>	<u>0</u>	<u>0</u>	<u>(191,910)</u>
Change in Net Assets	65,576	(20,166)	0	(130,855)	(85,445)
Net Assets Beginning of Year	<u>385,712</u>	<u>66,047</u>	<u>98,800</u>	<u>239,860</u>	<u>790,419</u>
Net Assets End of Year	<u>\$ 451,288</u>	<u>\$ 45,881</u>	<u>\$ 98,800</u>	<u>\$ 109,005</u>	<u>\$ 704,974</u>

See Notes to Financial Statements

VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 2005 AND 2004

**ORGANIZATION**

The Village of Delta, Fulton County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the York Township to provide security of persons and property. The Village has a special revenue fund to support a volunteer fire department.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Boards (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

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

The statement of net assets presents the cash balance and net assets of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

**B. Fund Accounting**

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental, and proprietary.

VILLAGE OF DELTA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED 2005 AND 2004

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

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are as follows:

<u>2005</u>	<u>2004</u>
General Fund	General Fund
Fire Fund	Street Construction, Maintenance, and Repair Fund
Capital Projects Fund - General	Fire Fund
Capital Projects Fund - Water Treatment Plant	Capital Projects Fund - General

General Fund - This fund is used to account for all financial resources of the Village except those required to be accounted for 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.

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

Fire Fund - This fund accounts for real estate, property, and income taxes collected by the Village to subcontract fire protection services with York Township.

Capital Projects Fund - General - This fund receives income taxes. The proceeds are used for street construction and repair and administrative building repairs.

Capital Projects Fund - Water Treatment Plant - This fund accounts for the receipt of a revenue bond. The proceeds are used for the incurred debt from the construction of a water treatment plant.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Proprietary Funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village's major enterprise funds are as follows:

<u>2005</u>	<u>2004</u>
Water Operating Fund	Water Operating Fund
Sewer Reserve Fund	Sewer Operating Fund
	Sewer Reserve Fund

VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

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

Proprietary Funds (Continued)

Water Operating Fund - This fund accounts for the provision of the water to residents and commercial users located outside and within the Village.

Sewer Operating Fund - This fund accounts for the provision of sanitary sewer services to the residents and commercial users outside and within the Village.

Sewer Reserve Fund - This fund holds receipts that are set-aside to stabilize the budget against cyclical changes in revenues and expenditures.

The other proprietary funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinances, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrate a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village may appropriate.

The appropriations ordinance is the Village authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village. The legal level of control has been established at the fund level.



VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

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

D. Budgetary Process (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budget amounts represent the final appropriations amount passed by the Village during the year.

As part of the formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of budgetary control.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash, Cash Equivalents and Investments".

Investments of the cash management pool and a nonnegotiable certificate of deposit are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005 and 2004, the Village invested in the State Treasury Asset Reserve (STAR Ohio). These U.S. Government Agency securities are reported at cost.

VILLAGE OF DELTA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED 2005 AND 2004

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

**E. Cash and Investments (Continued)**

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 20.7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005 and 2004.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts during 2005 and 2004 were \$44,134 and \$24,032. Interest income was assigned as follows:

	<u>2005</u>	<u>2004</u>
General Fund	\$ 39,228	\$ 16,441
Special Revenue Funds	<u>2,157</u>	<u>802</u>
Total Governmental Activities Interest	41,385	17,243
Permanent Funds	<u>2,749</u>	<u>6,789</u>
Totals	<u>\$ 44,134</u>	<u>\$ 24,032</u>

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted assets at December 31, 2005 and 2004.

**G. Inventory and Prepaid Items**

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

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

**I. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

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

I. Interfund Transactions (Continued)

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognized the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principle and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balance which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balances indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

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

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in governmental funds and after nonoperating receipts disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Village had neither extraordinary nor special items during the fiscal year 2005 and 2004.

**(2) CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

For the years ended December 31, 2003 and 2002, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. During the fiscal year 2005 and 2004, the Village has implemented the modified cash basis of accounting described in Note 1.C. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

The beginning governmental and proprietary fund balances changed as a result of this change in presentation. A non-expendable trust that was previously presented as a proprietary fund was determined to be a governmental permanent fund. The governmental fund type balance at January 1, 2004 was increased by \$12,947 for a total of \$455,401 and the proprietary fund balance at January 1, 2004 was decreased by \$12,947 for a total of \$790,419.

The Village's basic financial statements consist of government-wide statements, including a statement of net cash assets and a statement of activities and the fund statements that provide a more detailed level of financial information.

VILLAGE OF DELTA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED 2005 AND 2004

**(3) BUDGETARY ACTIVITY**

Governmental budgetary activity for the years ended December 31, 2005 and 2004 follows:

**2005 BUDGETED VS. ACTUAL RECEIPTS**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 863,935	\$ 908,770	\$ 44,835
Fire	63,500	62,149	(1,351)
Capital	130,700	160,350	29,650
Capital-Water Treatment	6,000,000	4,515,402	(1,484,598)
Other Governmental	<u>566,827</u>	<u>494,589</u>	<u>(72,238)</u>
Total	<u>\$ 7,624,962</u>	<u>\$ 6,141,260</u>	<u>\$ (1,483,702)</u>

**2005 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 885,938	\$ 862,952	\$ 22,986
Fire	40,050	33,205	6,845
Capital	106,300	79,264	27,036
Capital-Water Treatment	7,473,429	6,025,355	1,448,074
Other Governmental	<u>552,660</u>	<u>447,827</u>	<u>104,833</u>
Total	<u>\$ 9,058,377</u>	<u>\$ 7,448,603</u>	<u>\$ 1,609,774</u>

**2004 BUDGETED VS. ACTUAL RECEIPTS**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 844,150	\$ 802,598	\$ (41,552)
Fire	126,375	129,515	3,140
Street	126,375	129,515	3,140
Capital	130,800	129,912	(888)
Other Governmental	<u>3,941,967</u>	<u>525,126</u>	<u>(3,416,841)</u>
Total	<u>\$ 5,169,667</u>	<u>\$ 1,716,666</u>	<u>\$ (3,453,001)</u>

**2004 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 844,617	\$ 825,870	\$ 18,747
Fire	132,945	117,664	15,281
Street	132,945	117,664	15,281
Capital	149,800	146,269	3,531
Other Governmental	<u>5,580,055</u>	<u>1,968,767</u>	<u>3,611,288</u>
Total	<u>\$ 6,840,362</u>	<u>\$ 3,176,234</u>	<u>\$ 3,664,128</u>

VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

**(4) DEPOSITS AND INVESTMENTS**

Monies held by the Village are classified by State statute into three categories.

Active deposits are public monies necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Village has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook savings accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by saving or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

**(4) DEPOSITS AND INVESTMENTS (CONTINUED)**

7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
9. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Village by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institution**

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005 and 2004, \$614,013 and \$210,053, respectively, of the District's bank balance of \$726,992 and \$322,999, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The Village has no policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

VILLAGE OF DELTA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED 2005 AND 2004

**(4) DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

As of December 31, 2005, the Village had the following investment and maturity:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
STAR Ohio	<u>907,354</u>	<u>907,354</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 907,354</u>	<u>\$ 907,354</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

As of December 31, 2004, the Village had the following investment and maturity:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
STAR Ohio	<u>881,497</u>	<u>881,497</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 881,497</u>	<u>\$ 881,497</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Village's investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk:* The Village places no limits on the amount that may be invested in one issuer. The following table includes the percentage of each investment type held by the Village at December 31, 2005 and 2004:

<u>Investment Type</u>	<u>2005</u>	<u>% of Total</u>	<u>2004</u>	<u>% of Total</u>
	<u>Fair Value</u>		<u>Fair Value</u>	
STAR Ohio	<u>907,354</u>	<u>100%</u>	<u>881,497</u>	<u>100%</u>
Total	<u>\$ 907,354</u>	<u>100%</u>	<u>\$ 881,497</u>	<u>100%</u>



VILLAGE OF DELTA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED 2005 AND 2004

**(4) DEPOSITS AND INVESTMENTS (CONTINUED)**

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005 and 2004:

<u>Cash and Investments per footnote</u>	December <u>31, 2005</u>	December <u>31, 2004</u>
Deposits	\$ 733,760	\$ 299,272
Investments	<u>907,354</u>	<u>881,497</u>
Total	<u>\$ 1,641,114</u>	<u>\$ 1,180,769</u>
<u>Cash and Investments per Statement of Net Assets</u>	December <u>31, 2005</u>	December <u>31, 2004</u>
Governmental Type Activities	\$ 730,197	\$ 475,795
Business Type Activities	<u>910,917</u>	<u>704,974</u>
Total	<u>\$ 1,641,114</u>	<u>\$ 1,180,769</u>

**(5) PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by February 5. If the property owner elects to make semiannual payments, the first half is due February 5. The second half payment is due the following July 20.

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

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

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

**(6) LOCAL INCOME TAX**

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  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

**(7) RISK MANAGEMENT**

The Village has obtained commercial insurance for all real and personal property, including automobile coverage for the following risks: general liability, auto liability, uninsured motorists, property damage, inland marine, crime, and public employee bonding.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from prior years.

The Village also provides health insurance coverage to full-time employees through a private carrier.

**(8) RETIREMENT SYSTEMS - DEFINED BENEFIT PENSION PLANS**

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional for the years ended December 31, 2005, 2004, and 2003 were \$60,114, \$64,327 and \$70,173 respectively. The Village has paid all contributions required through December 31, 2005.

VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 11.75 percent for police officers. Contributions are authorized by State statute.

The Village's required contributions to the Fund for the years ended December 31, 2005, 2004, and 2003 were \$24,970, \$20,504 and \$30,088. The Village has paid all contributions required through December 31, 2005.

**(9) POST-EMPLOYMENT BENEFITS**

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, and annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

**(9) POST-EMPLOYMENT BENEFITS (CONTINUED)**

A. Ohio Public Employees Retirement System (Continued)

The number of active contributing participants in the traditional and combined plans of OPER was 369,885. Actual employer contributions for 2005 which were used to fund post-employment benefits were \$25,179. The actual contribution and the actuarially required contributions amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as describe in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and fire Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the post-employment health care program during 2004 an 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2005 that were used to fund post-employment benefits were \$16,470 for police. The OP&F's total health care expense for the year ended December 31, 2003 (the latest information available) was \$150,853,148 which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

VILLAGE OF DELTA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED 2005 AND 2004

**(10) DEBT OBLIGATIONS**

A summary of the note transactions for the year ended December 31, 2005 was as follows:

	Interest Rate	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental-Type Activities</u>						
Ohio Water Dev. Authority Loan Water Plant #2	4.1%	\$ 0	\$ 4,513,268	\$ 0	\$ 4,513,268	\$ 0
Special Assessment Bonds	6.8 - 7.2%	70,000	0	(10,000)	60,000	10,000
General Obligation - Parks and Recreation	4.55%	125,000	0	(27,708)	97,292	22,692
Ohio Water Development Authority Loan - Water Tower	5.54%	1,122,929	0	(33,471)	1,089,458	35,325
Ohio Water Development Authority Loan - Water Plant #1	5.65%	350,736	2,134	(349,985)	2,885	2,885
<b>Total Governmental-Type Activities</b>		<b>1,668,665</b>	<b>4,515,402</b>	<b>(421,164)</b>	<b>5,762,903</b>	<b>70,902</b>
<u>Business-Type Activities</u>						
Waste Water Plant Mortgage Revenue Bonds	5.8%	706,524	0	(62,509)	644,015	66,009
Ohio Water Development Authority Loan - Waterline	8.26%	33,437	0	(10,274)	23,163	11,123
<b>Total Business-Type Activities</b>		<b>739,961</b>	<b>0</b>	<b>(72,783)</b>	<b>667,178</b>	<b>77,132</b>
<b>Total</b>		<b>\$ 2,408,626</b>	<b>\$ 4,515,402</b>	<b>\$ (493,947)</b>	<b>\$ 6,430,081</b>	<b>\$ 148,034</b>

VILLAGE OF DELTA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED 2005 AND 2004

**(10) DEBT OBLIGATIONS (CONTINUED)**

A summary of the note transactions for the year ended December 31, 2004 was as follows:

	Interest Rate	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004	Due Within One Year
<u>Governmental-Type Activities</u>						
General Obligation Note - Adrian						
Street Resurfacing	3.75%	\$ 87,500	\$ 0	\$ (87,500)	\$ 0	\$ 0
Special Assessment Bonds	6.8 - 7.2%	80,000	0	(10,000)	70,000	10,000
Delta Industrial Development Association Loan	0.00%	9,000	0	(9,000)	0	0
General Obligation - Parks and Recreation	4.55%	0	150,000	(25,000)	125,000	25,000
Ohio Water Development Authority Loan - Water Tower	5.54%	1,154,643	0	(31,714)	1,122,929	30,859
Ohio Water Development Authority Loan - Water Plant #1	5.65%	305,549	45,187	0	350,736	350,736
Total Governmental-Type Activities		1,636,692	195,187	(163,214)	1,668,665	416,595
<u>Business-Type Activities</u>						
Water Works Mortgage Revenue Bonds	7.125%	126,000	0	(126,000)	0	0
Waste Water Plant Mortgage Revenue Bonds	5.8%	765,718	0	(59,194)	706,524	59,194
Ohio Water Development Authority Loan - Waterline	8.26%	42,927	0	(9,490)	33,437	10,274
Total Business-Type Activities		934,645	0	(194,684)	739,961	69,468
Total		\$ 2,571,337	\$ 195,187	\$ (357,898)	\$ 2,408,626	\$ 486,063

**VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004**

Year	Special Assessment Bonds		OWDA Loan Parks and Rec.		OWDA Loan Water Tower		OWDA Loan Water Plant #1		OWDA Loan Mortgage Rev. Bonds		OWDA Loan Waterline		OWDA Loan Water Plant #2	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 10,000	\$ 4,300	\$ 22,692	\$ 4,520	\$ 35,325	\$ 60,356	\$ 2,885	\$ 0	\$ 66,009	\$ 38,362	\$ 11,123	\$ 1,913	\$ 0	\$ 0
2007	10,000	3,590	23,746	3,466	37,282	58,399	0	0	69,706	34,430	12,040	997	0	137,500
2008	10,000	2,875	24,850	2,363	39,348	56,334	0	0	73,609	30,278	0	0	83,065	191,936
2009	10,000	2,160	26,004	1,208	41,527	54,154	0	0	77,731	25,893	0	0	86,535	188,465
2010	10,000	1,440	0	0	43,828	51,853	0	0	82,084	21,263	0	0	90,150	184,850
2011-2015	10,000	720	0	0	258,366	220,040	0	0	86,681	16,374	0	0	510,495	864,506
2016-2020	0	0	0	0	338,314	140,091	0	0	91,535	11,210	0	0	626,427	748,574
2021-2025	0	0	0	0	295,468	39,416	0	0	96,660	5,758	0	0	768,686	606,315
2026-2030	0	0	0	0	0	0	0	0	0	0	0	0	943,252	481,354
2031-2035	0	0	0	0	0	0	0	0	0	0	0	0	1,157,461	267,145
2036-2037	0	0	0	0	0	0	0	0	0	0	0	0	247,197	66,092
Totals	\$ 60,000	\$ 15,085	\$ 97,292	\$ 11,557	\$ 1,089,458	\$ 680,643	\$ 2,885	\$ 0	\$ 644,015	\$ 183,568	\$ 23,163	\$ 2,910	\$ 4,513,268	\$ 3,736,737

The Ohio Water Development Authority (OWDA) loans were made to finance a water line, water tower projects and construction of a water plant. The loans are collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The construction of a water plant was not completed during the date of the audit report. When the construction is completed, the OWDA will close the loan and issue the Village an amortization schedule.

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

VILLAGE OF DELTA  
 FULTON COUNTY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEARS ENDED 2005 AND 2004

**(10) DEBT OBLIGATIONS (CONTINUED)**

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

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

The Delta Industrial Development Association Loan was used to construct an extension road in the Village Industrial Park. Revenue of the Village is used to repay this debt.

**(11) INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2005 and 2004, consisted of the following, as reported on the fund financial statements:

	<u>December 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
<u>Transfers from General Fund to:</u>		
Nonmajor Capital Improvement Funds	\$ 202	\$ 39
<u>Transfers from Water Operating Fund to:</u>		
Nonmajor Enterprise Funds	0	2,918
Nonmajor Debt Service Funds	<u>72,418</u>	<u>86,800</u>
Total Transfers - Water Operating Fund	<u>72,418</u>	<u>89,718</u>
<u>Transfers from Sewer Operating Fund to:</u>		
Nonmajor Enterprise Funds	102,074	102,192
<u>Transfer from Capital Improvements -</u> <u>General Fund to:</u>		
Nonmajor Debt Service Funds	<u>23,185</u>	<u>0</u>
Total Transfers	<u><u>197,879</u></u>	<u><u>191,949</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14 and 5705.15. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.



VILLAGE OF DELTA  
FULTON COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED 2005 AND 2004

**(12) CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

**INDEPENDENT ACCOUNTANT'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, OH 43465-1095

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Delta, Fulton County, (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated January 17, 2007 wherein we noted the Village prepared its financial statements on the Modified Cash Basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated January 17, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of obtaining reasonable assurance 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 have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our audits did not disclose any instances of noncompliance or other matters that we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated January 17, 2007, we reported other matters related to noncompliance we deemed immaterial.

This report is intended solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.

*LublinJussman Group LLP*

January 17, 2007  
Toledo, Ohio

VILLAGE OF DELTA  
FULTON COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2005 AND 2004

No findings were reported in the prior audit.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF DELTA**

**FULTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 19, 2007**