



Certified Public Accountants, A.C.

**VILLAGE OF DILLONVALE  
JEFFERSON COUNTY  
Regular Audit  
For the Years Ended December 31, 2018 and 2017**

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Members of Council  
Village of Dillonvale  
135 School Street  
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We have reviewed the *Independent Auditor's Report* of the Village of Dillonvale, Jefferson County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. 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 Dillonvale is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 4, 2019

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VILLAGE OF DILLONVALE  
JEFFERSON COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018 .....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2018 .....	4
Notes to the Financial Statements For the Year Ended December 31, 2018 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2017 .....	13
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2017 .....	14
Notes to the Financial Statements For the Year Ended December 31, 2017 .....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Audit Findings .....	25
Schedule of Prior Audit Findings.....	28

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## INDEPENDENT AUDITOR'S REPORT

June 28, 2019

Village of Dillonvale  
Jefferson County  
P.O. Box 546  
Dillonvale, Ohio 43917

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Dillonvale**, Jefferson County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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***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 permitted 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, 2018 and 2017, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Dillonvale, Jefferson County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF DILLONVALE  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 67,777	\$ 28,910	\$ -	\$ 96,687
Intergovernmental	33,699	42,412	-	76,111
Charges for Services	1,788	-	-	1,788
Fines, Licenses and Permits	16,986	598	-	17,584
Earnings on Investments	1,441	1	-	1,442
Miscellaneous	57,873	-	-	57,873
<i>Total Cash Receipts</i>	<u>179,564</u>	<u>71,921</u>	<u>-</u>	<u>251,485</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	42,500	3,011	-	45,511
Public Health Services	-	488	-	488
Leisure Time Activities	16,249	-	-	16,249
Transportation	16,872	27,880	-	44,752
General Government	54,547	-	-	54,547
Debt Service:				
Principal Retirement	948	-	-	948
Interest and Fiscal Charges	8	-	-	8
<i>Total Cash Disbursements</i>	<u>131,124</u>	<u>31,379</u>	<u>-</u>	<u>162,503</u>
<i>Excess of Receipts Over Disbursements</i>	<u>48,440</u>	<u>40,542</u>	<u>-</u>	<u>88,982</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	5,492	-	5,492
Transfers Out	(20,539)	-	-	(20,539)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,539)</u>	<u>5,492</u>	<u>-</u>	<u>(15,047)</u>
<i>Net Change in Fund Cash Balances</i>	27,901	46,034	-	73,935
<i>Fund Cash Balances, January 1</i>	<u>108,849</u>	<u>39,934</u>	<u>453</u>	<u>149,236</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	85,968	453	86,421
Assigned	129,280	-	-	129,280
Unassigned	7,470	-	-	7,470
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 136,750</b></u>	<u><b>\$ 85,968</b></u>	<u><b>\$ 453</b></u>	<u><b>\$ 223,171</b></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF DILLONVALE  
JEFFERSON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Types	Fiduciary Fund Types	Total
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 195,342	\$ -	\$ 195,342
Fines, Licenses and Permits	-	7,842	7,842
<i>Total Operating Cash Receipts</i>	<u>195,342</u>	<u>7,842</u>	<u>203,184</u>
<b>Operating Cash Disbursements</b>			
Personal Services	81,569	-	81,569
Employee Fringe Benefits	12,638	-	12,638
Contractual Services	230	-	230
Supplies and Materials	71,178	-	71,178
Other	1,620	7,842	9,462
<i>Total Operating Cash Disbursements</i>	<u>167,235</u>	<u>7,842</u>	<u>175,077</u>
<i>Operating Income</i>	<u>28,107</u>	<u>-</u>	<u>28,107</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	2,027	-	2,027
Earnings on Investments	175	-	175
Principal Retirement	(31,181)	-	(31,181)
Interest and Other Fiscal Charges	(32,259)	-	(32,259)
<i>Total Non-Operating (Disbursements)</i>	<u>(61,238)</u>	<u>-</u>	<u>(61,238)</u>
<i>(Loss) before Transfers</i>	<u>(33,131)</u>	<u>-</u>	<u>(33,131)</u>
Transfers In	65,308	-	65,308
Transfers Out	(50,261)	-	(50,261)
<i>Net Change in Fund Cash Balances</i>	<u>(18,084)</u>	<u>-</u>	<u>(18,084)</u>
<i>Fund Cash Balances, January 1</i>	<u>206,796</u>	<u>195</u>	<u>206,991</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 188,712</b></u>	<u><b>\$ 195</b></u>	<u><b>\$ 188,907</b></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DILLONVALE**  
*JEFFERSON COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2018*

**Note 1 – Reporting Entity**

The Village of Dillonvale (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sanitation utilities, park operations, and police services. The Village contracts with Dillonvale Volunteer Fire Department and Dillonvale Emergency Medical Services to provide protection and emergency services.

*Public Entity Risk Pools and Related Organizations*

The Village participates in a public entity risk pool and is associated with a related organization. Note 7 and Note 12 to the financial statements provide additional information for these entities. These organizations are:

*Ohio Municipal Joint Self-Insurance Pool:*

The Ohio Municipal Joint Self-Insurance Pool is a risk sharing pool that the Village uses to provide property and casualty insurance for the Village.

*Ohio Municipal League Group Rating Plan (GRP):*

The Ohio Municipal League Group Rating Plan (GRP) is a group that the Village participates in to gain benefits concerning Worker's compensation.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** - These funds account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has 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 tax registration fees restricted for construction, maintenance and repair of streets within the Village.

**VILLAGE OF DILLONVALE**  
*JEFFERSON COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***State Highway Improvement Fund*** – The state highway improvement 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 the state highway within the Village. This include traffic light repair and painting of pedestrian walking lines.

***State Nature Works Grant Fund*** – The state nature works grant fund accounts for and reports the state grant approved to improve the village parks. These funds are restricted for the construction of playground equipment and the construction of a Shelter House.

***Drug Law Enforcement Fund*** – The drug law enforcement fund accounts for and reports a portion of the money collected through the Village's Mayor's Court. These funds are restricted for the purpose of purchasing equipment to fight drug crimes.

***Drug Law Enforcement - State Fund*** – The drug law enforcement fund accounts for and reports a portion of the money collected through the State. These funds are restricted for the purpose of purchasing equipment to fight drug crimes.

***Permissive Motor Vehicle License Tax Fund*** – The permissive motor vehicle license tax fund accounts for and reports that portion of the motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Enforcement and Education Fund*** – This fund is used for training of Police Officers.

***Police Levy Fund*** – This fund is used for the Police Department and comes from a levy placed on property taxes.

***DEMS/DVFD Fund*** – This fund is used for EMS/Fire Department and comes from a levy placed on property taxes.

***Mayor's Court Computer Fund*** – The mayor's court computer fund accounts for and reports a portion of the money collected through the Village's Mayor's Court. These funds are restricted for the purpose of purchasing a computer, hardware and/or software for the Village's Mayor's Court.

***Capital Project Funds*** - These funds account for and report the 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 fund:

***Other Capital Projects*** – The other capital projects Fund accounts for and reports proceeds of a USDA grant and bond. The proceeds are restricted for the purchase of a new dump truck.

***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.

***Sanitation Fund*** – This fund receives charges for services from residents to cover sanitation service costs.

**VILLAGE OF DILLONVALE**  
*JEFFERSON COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***USDA Loan Enterprise Debt Service Fund*** – This fund accounts for the improvements to the water plant that serves the residents and commercial users.

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village's agency fund accounts for all monies received and disbursed through the Mayor's Court and unclaimed monies.

***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.

***Budgetary Process***

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

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

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

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

A summary of 2018 budgetary activity appears in Note 4.

**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

**Note 3 – Compliance**

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$3,843 and in the Water Operating Fund by \$125,917 for the year ended December 31, 2018. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the USDA Loan Enterprise Debt Service Fund by \$48,940 for the year ended December 31, 2018.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 121,450	\$ 179,564	\$ 58,114
Special Revenue	59,400	77,413	18,013
Enterprise	262,098	262,852	754
Total	\$ 442,948	\$ 519,829	\$ 76,881

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 234,142	\$ 157,703	\$ 76,439
Special Revenue	84,186	32,430	51,756
Enterprise	468,464	290,291	178,173
Total	\$ 786,792	\$ 480,424	\$ 306,368

**Note 5 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$ 220,771
Certificates of deposit	101,376
Total deposits	322,147
Money Market	67,778
STAR Ohio	22,153
Total investments	89,931
Total deposits and investments	\$ 412,078

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation; or 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.

**VILLAGE OF DILLONVALE**  
*JEFFERSON COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

**Note 5 – Deposits and Investments (Continued)**

**Investments**

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

**Note 6 – Taxes**

***Property Taxes***

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

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

**Note 7 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Risk Pool Membership***

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2018, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2018.

Assets	\$ 1,341,128
Liabilities	(884,941)
Accumulated Surplus	<u>\$ 456,187</u>



**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

**Note 8 – 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, 2018.

***Social Security***

Village Council Members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has not paid all contributions required through December 31, 2018.

**Note 9 – Postemployment Benefits**

OPERS offers 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 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
USDA Dump Truck	\$ 32,700	2.88%
OPWC Water Tank Replacement	5,056	0.00%
Water Mortgage Revenue Bonds	674,200	4.50%
	\$ 711,956	

Note: The Backhoe Loan, which was repaid in 2018, does not agree to that loan agreement's amortization schedule by a variance of \$118. When reviewing supporting documentation, it is believed that this is simply the result of the said amortization schedule being an estimate that is subject to change dependent on when payments are made on the loan.

The United States Department of Agriculture (USDA) Dump Truck Bonds were issued for the purchase of a new dump truck. The USDA approved \$40,000 in bonds to the Village for this project at an interest rate of 2.875%. The Village will repay the bonds in annual installments over ten years, with the final payment being made in 2026. This loan was repaid from the Enterprise Garbage Debt Service Reserve Fund in 2018.

**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(Continued)*

**Note 10 – Debt (Continued)**

The Ohio Public Works Commission (OPWC) Water Tank Replacement Loan is an interest free loan for a water tank construction project. The loan will be repaid in semiannual installments of \$632 over 20 years, with the final payment being made in 2023. This loan will be repaid from the Issue II Enterprise Debt Service Fund.

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds were established in 2000 and payment started in 2001. Both bonds have an interest rate of 4.50% and will be repaid in annual installments over 40 years. The Bond Covenant requires the Village to establish and fund a reserve fund, included as an enterprise debt service fund. The balance in the fund at December 31, 2018 is \$674,200. The Village has agreed to set water rates sufficient to cover the revenue bond debt service requirements. This loan will be repaid from the USDA Loan Enterprise Debt Service Fund.

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

Year ending December 31:	USDA Dump Truck	OPWC Water Tank Replacement	USDA Water System Mortgage
2019	4,477	\$ 632	\$ 48,939
2020	4,589	1,264	48,902
2021	4,496	1,264	48,929
2022	4,604	1,264	48,915
2023	4,506	632	48,861
2024-2028	13,622	-	244,541
2029-2033	-	-	244,569
2034-2038	-	-	244,530
2039-2043	-	-	97,828
Total	<u>\$ 36,294</u>	<u>\$ 5,056</u>	<u>\$ 1,076,014</u>

**Note 11 – Contingent Liabilities**

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

**Note 12 – 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 DILLONVALE  
JEFFERSON COUNTY

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 59,244	\$ 26,797	\$ -	\$ 86,041
Intergovernmental	36,037	33,465	32,000	101,502
Charges for Services	1,677	-	-	1,677
Fines, Licenses and Permits	16,061	746	-	16,807
Earnings on Investments	598	2	-	600
Miscellaneous	7,238	-	-	7,238
<i>Total Cash Receipts</i>	<u>120,855</u>	<u>61,010</u>	<u>32,000</u>	<u>213,865</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	54,230	9,195	-	63,425
Public Health Services	-	2,200	-	2,200
Leisure Time Activities	16,753	-	-	16,753
Community Environment	4,318	-	-	4,318
Transportation	13,534	24,518	-	38,052
General Government	43,270	-	-	43,270
Capital Outlay	-	-	71,547	71,547
Debt Service:				
Principal Retirement	9,266	4,910	-	14,176
Interest and Fiscal Charges	486	559	-	1,045
<i>Total Cash Disbursements</i>	<u>141,857</u>	<u>41,382</u>	<u>71,547</u>	<u>254,786</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(21,002)</u>	<u>19,628</u>	<u>(39,547)</u>	<u>(40,921)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Bonds	-	-	40,000	40,000
Transfers Out	(578)	-	-	(578)
Other Financing Uses	(1,689)	-	-	(1,689)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,267)</u>	<u>-</u>	<u>40,000</u>	<u>37,733</u>
<i>Net Change in Fund Cash Balances</i>	<u>(23,269)</u>	<u>19,628</u>	<u>453</u>	<u>(3,188)</u>
<i>Fund Cash Balances, January 1</i>	<u>132,118</u>	<u>20,306</u>	<u>-</u>	<u>152,424</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	39,934	453	40,387
Assigned	108,849	-	-	108,849
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 108,849</u></u>	<u><u>\$ 39,934</u></u>	<u><u>\$ 453</u></u>	<u><u>\$ 149,236</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF DILLONVALE  
JEFFERSON COUNTY

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

	Proprietary Fund Types	Fiduciary Fund Types	Total
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 214,282	\$ -	\$ 214,282
Fines, Licenses and Permits	-	7,680	7,680
<i>Total Operating Cash Receipts</i>	<u>214,282</u>	<u>7,680</u>	<u>221,962</u>
<b>Operating Cash Disbursements</b>			
Personal Services	86,591	-	86,591
Employee Fringe Benefits	14,128	-	14,128
Contractual Services	3,607	-	3,607
Supplies and Materials	53,299	-	53,299
Other	8,605	7,680	16,285
<i>Total Operating Cash Disbursements</i>	<u>166,230</u>	<u>7,680</u>	<u>173,910</u>
<i>Operating Income</i>	<u>48,052</u>	<u>-</u>	<u>48,052</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	1,014	-	1,014
Earnings on Investments	100	-	100
Principal Retirement	(25,405)	-	(25,405)
Interest and Other Fiscal Charges	(32,493)	-	(32,493)
Other Financing Uses	-	(75)	(75)
<i>Total Non-Operating (Disbursements)</i>	<u>(56,784)</u>	<u>(75)</u>	<u>(56,859)</u>
<i>(Loss) before Transfers</i>	<u>(8,732)</u>	<u>(75)</u>	<u>(8,807)</u>
Transfers In	50,643	-	50,643
Transfers Out	(50,065)	-	(50,065)
<i>Net Change in Fund Cash Balances</i>	<u>(8,154)</u>	<u>(75)</u>	<u>(8,229)</u>
<i>Fund Cash Balances, January 1</i>	<u>214,950</u>	<u>270</u>	<u>215,220</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 206,796</b></u>	<u><b>\$ 195</b></u>	<u><b>\$ 206,991</b></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DILLONVALE**  
*JEFFERSON COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2017*

**Note 1 – Reporting Entity**

The Village of Dillonvale (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sanitation utilities, park operations, and police services. The Village contracts with Dillonvale Volunteer Fire Department and Dillonvale Emergency Medical Services to provide protection and emergency services.

*Public Entity Risk Pools and Related Organizations*

The Village participates in a public entity risk pool and is associated with a related organization. Note 7 and Note 12 to the financial statements provide additional information for these entities. These organization are:

*Ohio Municipal Joint Self-Insurance Pool:*

The Ohio Municipal Joint Self-Insurance Pool is a risk sharing pool that the Village uses to provide property and casualty insurance for the Village.

*Ohio Municipal League Group Rating Plan (GRP):*

The Ohio Municipal Group Rating Plan (GRP) is a group that the Village participates in to gain benefits concerning Worker's Compensation.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** - These funds account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has 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 tax registration fees restricted for construction, maintenance and repair of streets within the Village.

***Police Levy Fund*** – This fund is used for the Police Department and comes from a levy placed on property taxes.

**VILLAGE OF DILLONVALE**  
*JEFFERSON COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

**Capital Project Funds** - These funds account for and report the 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 fund:

**Other Capital Projects** – The other capital projects Fund accounts for and reports proceeds of a USDA grant and bond. The proceeds are restricted for the purchase of a new dump truck.

**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.

**Sanitation Fund** – This fund receives charges for services from residents to cover sanitation service costs.

**USDA Loan Enterprise Debt Service Fund** – This fund accounts for the improvements to the water plant that serves the residents and commercial users.

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village's agency fund accounts for all monies received and disbursed through the Mayor's Court and unclaimed monies.

***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.

***Budgetary Process***

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

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

**VILLAGE OF DILLONVALE**  
JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 4.

**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. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

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

**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

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

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Other Capital Projects Fund by \$71,547 for the year ended December 31, 2017.

**Note 4 – Budgetary Activity**

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 106,183	\$ 120,855	\$ 14,672
Special Revenue	56,443	61,010	4,567
Capital Projects	-	72,000	72,000
Enterprise	276,148	266,039	(10,109)
Total	\$ 438,774	\$ 519,904	\$ 81,130

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 238,301	\$ 147,095	\$ 91,206
Special Revenue	76,747	42,520	34,227
Capital Projects	-	71,547	(71,547)
Enterprise	491,096	276,970	214,126
Total	\$ 806,144	\$ 538,132	\$ 268,012



**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 5 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	\$ 166,583
Certificates of deposit	100,870
Total deposits	267,453
Money Market	67,049
STAR Ohio	21,725
Total investments	88,774
Total deposits and investments	\$ 356,227

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; 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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 6 – Taxes**

***Property Taxes***

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

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

**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 7 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Risk Pool Membership***

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2017, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2017.

Assets	\$ 1,091,882
Liabilities	<u>(757,765)</u>
Accumulated Surplus	<u><u>\$ 334,117</u></u>

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Social Security***

Village Council Members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 9 – Postemployment Benefits**

OPERS offers 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 was 1.0 percent during calendar year 2017.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Backhoe Loan	\$ 2,851	3.08%
USDA Packer Bonds	6,000	4.13%
USDA Dump Truck	36,400	2.88%
OPWC Water Tank Replacement	6,952	0.00%
Water Mortgage Revenue Bonds	692,000	4.50%
	\$ 744,203	

Note: The Police Cruiser loan, which was repaid in 2017, did not fully agree to that loan agreement's amortization schedule. The final payment for this loan was \$10 less than that on the said documentation. This is believed to be the result of the Village repaying this loan a month early.

Also Note: The auditor restated the Backhoe Loan's beginning balance in 2017, as it did not agree to the loan agreement's amortization schedule. The ending audited balance in 2016 of \$14,010 was found to be understated when compared to the supporting documentation by \$26. As such, this loan's beginning balance in 2017 was restated to be equal to \$14,036. Testing reflects this restated beginning balance.

The Backhoe Loan was for the purchase of a used backhoe to be used by the Village Street and Utility Departments. The loan is collateralized by the equipment purchased. This loan will be repaid from the General, Permissive Motor Vehicle License Tax, Water Operating, and Sanitation Enterprise Funds.

The United State Department of Agriculture (USDA) Garbage Packer Bonds were issued for the purchase of a new garbage packer. This will be repaid in nine annual installments. The bonds are collateralized by the full faith and credit of the Village. This loan will be repaid from the Enterprise Garbage Debt Service Reserve Fund.

The United States Department of Agriculture (USDA) Dump Truck Bonds were issued for the purchase of a new dump truck. The USDA approved \$40,000 in bonds to the Village for this project at an interest rate of 2.875%. The Village will repay the bonds in annual installments over ten years, with the final payment being made in 2026. This loan was repaid from the General, Street Construction Maintenance and Repair, State Highway, Permissive Motor Vehicle License Tax, and Water Operating Funds in 2017.

The Ohio Public Works Commission (OPWC) Water Tank Replacement Loan is an interest free loan for a water tank construction project. The loan will be repaid in semiannual installments of \$632 over 20 years, with the final payment being made in 2023. This loan will be repaid from the Issue II Enterprise Debt Service Fund.

**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 10 – Debt (Continued)**

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds were established in 2000 and payment started in 2001. Both bonds have an interest rate of 4.50% and will be repaid in annual installments over 40 years. The Bond Covenant requires the Village to establish and fund a reserve fund, included as an enterprise debt service fund. The balance in the fund at December 31, 2017 is \$692,000. The Village has agreed to set water rates sufficient to cover the revenue bond debt service requirements. This loan will be repaid from the USDA Loan Enterprise Debt Service Fund.

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

Year ending December 31:	Backhoe	USDA Packer	USDA Dump Truck	OPWC Water Tank Replacement	USDA Water System Mortgage
2018	2,866	6,247	4,565	\$ 1,264	\$ 48,940
2019	-	-	4,477	1,264	48,939
2020	-	-	4,589	1,264	48,902
2021	-	-	4,496	1,264	48,929
2022	-	-	4,604	1,264	48,916
2023-2027	-	-	18,128	632	244,490
2028-2032	-	-	-	-	244,564
2033-2037	-	-	-	-	244,598
2038-2042	-	-	-	-	146,676
Total	<u>\$ 2,866</u>	<u>\$ 6,247</u>	<u>\$ 40,859</u>	<u>\$ 6,952</u>	<u>\$ 1,124,954</u>

**Note 11 – Contingent Liabilities**

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

**Note 12 – 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.



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Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

June 28, 2019

Village of Dillonvale  
Jefferson County  
P.O. Box 546  
Dillonvale, Ohio 43917

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Dillonvale**, Jefferson County (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 28, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

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 deficiencies in internal control 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 audit findings, that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2018-002 and 2018-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 28, 2019.

### **Purpose of this Report**

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

**VILLAGE OF DILLONVALE**  
JEFFERSON COUNTY  
*SCHEDULE OF AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-001**

**Material Weakness**

**Posting Receipts, Disbursements, and Fund Balance Classification**

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2018 and 2017, receipts, disbursements, and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Oil and gas royalty receipts were recorded as Intergovernmental Revenue instead of Miscellaneous Revenue in the General Fund in 2018;
- Mayor’s Court receipts were not recorded and subsequently disbursed from the Mayor’s Court Agency Fund in 2018;
- Debt payments were not always classified properly as principal and interest payments in both 2018 and 2017;
- Yearly debt instrument transfers from the Water Operating Fund to Enterprise Debt Service Funds were not made in 2018;
- During 2018 and 2017, subsequent year appropriations over estimated receipts plus year-end encumbrances within the General Fund were classified as unassigned fund balance rather than assigned.

Not posting receipts, disbursements, and fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications. The financial statements reflect all adjustments and reclassifications. The Village has made all adjustments to its accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements.

We also recommend the Clerk/Treasurer refer to the Ohio Village Officer’s Handbook for guidance to determine the proper establishment of receipts and disbursement accounts and posting receipts and disbursements. The Clerk/Treasurer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Officials’ Response:** We did not receive a response from Officials to this finding.

**VILLAGE OF DILLONVALE**  
*JEFFERSON COUNTY*  
**SCHEDULE OF AUDIT FINDINGS**  
*FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-002**

**Noncompliance/Material Weakness**

**Budgetary Controls**

The budget is an instrument of public policy. A governing board expresses its desire for using a government's limited resources through its applications. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeding appropriations);
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds;
- Appropriations and Estimated Resources were not reconciled to the accounting system.

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to the Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure to ensure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Clerk/Treasurer prior to purchasing and unencumbered balances are tracked for each line item.

**Officials' Response:** We did not receive a response from Officials to this finding.



**VILLAGE OF DILLONVALE**  
*JEFFERSON COUNTY*  
**SCHEDULE OF AUDIT FINDINGS**  
*FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-003**

**Noncompliance**

**26 U.S.C. Section 3402(a)(1)** states that except as otherwise provided in this section, every employer making payments of wages shall deduct and withhold such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary. Furthermore, **26 U.S.C. Section 3403** states that an employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment. Also, **Ohio Revised Code Section 5747.06(A)** states that except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year.

The Village did not submit remittances of withholdings in full or on a timely basis for 2018. At December 31, 2018, the Village had not paid the entirety of Federal tax withholdings for that year.

We noted that the Village got behind on these payments when the Clerk/Treasurer unexpectedly left office. We also noted that the Village has been working with the Federal agency to get caught up with these payments and has made multiple payments regarding 2018 withholdings in 2019.

Failure to properly remit payroll withholdings could result in penalties and late fees.

We recommend the Clerk/Treasurer and Village Council ensure that all payroll withholdings are remitted in full on a timely basis. We also recommend that the Village review its procedures for monitoring of payroll cycle activity to ensure that all payroll activity is properly accounted for and that the Village is in compliance with regulations governing the withholding and remitting of employment taxes and pension contributions.

**Officials' Response:** We did not receive a response from Officials to this finding.

**VILLAGE OF DILLONVALE**  
**JEFFERSON COUNTY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Budgetary Measures	Not Corrected	Repeated as Finding 2018-002

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF DILLONVALE**

**JEFFERSON 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  
SEPTEMBER 17, 2019**