



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Dillonvale
135 School Street
Dillonvale, OH 43917

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, 2019 through December 31, 2020. 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.

In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding For Recovery 1

Payroll Withholding Penalty and Interest Findings for Recovery's Partially Repaid Under Audit

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court Case of State ex. rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in McClure, "generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants" Id. at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

Finding for Recovery 1 (continued)

During each fiscal officer's term noted below, the Village failed to remit withholdings timely, therefore, the Village paid penalties and interest in the amounts enumerated below to the agencies listed below.

Fiscal Officer	Term	Total Finding for Recovery	IRS	State of Ohio	OPERS	Bond / Insurance Company
Mildred Armbruster	9/22/16 to 10/26/18	\$ 622	\$ 622	\$0	\$0	OM
Michele Dulesky	10/27/18 to 11/18/18	713	713	0	0	OM
Arthur Panepucci	11/19/18 to 3/29/19	182	21	30	131	OM
John Lee	4/1/19 to 8/14/20	1,825	976	690	159	OM/PEP
Zachary Thomas	10/6/20 to 5/5/22	2,831	2,383	389	59	PEP
Joe Carothers / Zachary Thomas	Nov. 21 to 3/16/22	119	0	10	109	PEP
Beth Petrosino	5/14/22 to current	94	0	0	94	n/a repaid
		\$ 6,386				

The Village Fiscal Officers, named above were responsible for making timely payments to avoid incurring penalties. Paying late fees and penalties that could have been avoided by remitting withholdings on time does not qualify as expenditure of funds for a public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against the fiscal officers named above and the Public Officials Liability Company, Ohio Municipal Joint Self-Insurance Pool (OM above) or the Public Employee Dishonesty Policy Company, Public Entities Pool of Ohio, (PEP above), jointly and severally, and in favor of the Village of Dillonvale's General Fund.

Beth Petrosino's Finding for Recovery was repaid in the amount of \$94 on June 22, 2023 via check # 1795. Michelle Dulesky is repaying her Finding for Recovery by forgoing her Council pay and as of October 11, 2023, \$142 has been paid back, leaving an unpaid balance of \$571.

Finding for Recovery 2

Besece Payroll Leave Overpayment Finding for Recovery Repaid Under Audit

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court Case of *State ex. rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951) provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in *McClure*, "generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants . . ." *Id.* at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

During Byron Besece's employment, he was paid for sick leave he was not entitled to and therefore carried a negative balance when recalculated by the Independent Public Accountant (IPA) performing the audit. The IPA determined he was paid for 67.35 hours more leave than he was entitled to which equates to \$558 more in gross wages than allowed.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Byron Besece in the total amount of \$558 and in favor of the Village of Dillonvale's General Fund in the amount of \$145, Street Construction Maintenance and Repair Fund 2011 in the amount of \$102, and in favor of the Sanitation Fund 5901 in the amount of \$311 to aggregate to \$558.

Byron Besece's FFR was repaid to the Village in the amount of \$558 via check #1882.

Finding for Recovery 3

Brown Payroll Leave Overpayment Finding for Recovery

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court Case of *State ex. rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951) provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in *McClure*, "generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants . . ." *Id.* at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

During Mark Brown's employment, he was paid for leave he was not entitled to and therefore carried a negative balance when recalculated by the Independent Public Accountant (IPA). The IPA determined he was paid for 301.95 hours more leave than he was entitled to which equates to \$3,244 more in gross wages than allowed.

Finding For Recovery 3 (Continued)

As the Village Fiscal Officers, John Lee, Zachary Thomas, Joe Carothers, and Beth Petrosino were responsible for tracking leave hours and not paying out more hours than were earned. Paying out more leave than earned could have been avoided by tracking hours accurately and does not qualify as expenditure of funds for a public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Mark Brown in the total amount of \$3,244 and against the following fiscal officers in the following amounts John Lee (\$1,434), Zachary Thomas (\$485), Joe Carothers (\$602) and Beth Petrosino (\$723) and the Villages' Public Employee Liability Policy Company, Ohio Municipal Joint self-insurance Pool and the Employee Dishonesty Policy Company, Public Entities Pool of Ohio, jointly and severally, and in favor of the Village of Dillonvale's Street Construction Maintenance and Repair Fund 2011 in the amount of \$2,259 and in favor of the Sanitation Fund 5901 in the amount of \$985 to aggregate to \$3,244.

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.



Keith Faber
Auditor of State
Columbus, Ohio

December 27, 2023

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

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INDEPENDENT AUDITOR'S REPORT

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Dillonvale, Jefferson County, Ohio (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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(C) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 15 to the financial statements, during 2020, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, added a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types, and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Government Fund Types. In addition, as discussed in Note 16 to the financial statements in 2020 and Note 12 to the financial statements in 2019, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, 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 & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

September 15, 2023

**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, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 68,536	\$ 39,762	\$ -	\$ 108,298
Intergovernmental	24,887	95,987	-	120,874
Charges for Services	928	-	-	928
Fines, Licenses and Permits	12,200	134	-	12,334
Earnings on Investments	548	-	-	548
Miscellaneous	42,786	18,725	-	61,511
<i>Total Cash Receipts</i>	<u>149,885</u>	<u>154,608</u>	<u>-</u>	<u>304,493</u>
Cash Disbursements				
Current:				
Security of Persons and Property	68,990	4,758	-	73,748
Public Health Services	136	48,795	-	48,931
Leisure Time Activities	16,839	-	-	16,839
Transportation	8,188	35,063	-	43,251
General Government	52,627	45,199	-	97,826
Capital Outlay	-	137	-	137
<i>Total Cash Disbursements</i>	<u>146,780</u>	<u>133,952</u>	<u>-</u>	<u>280,732</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,105</u>	<u>20,656</u>	<u>-</u>	<u>23,761</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	20,000	-	20,000
Transfers Out	(20,000)	-	-	(20,000)
Other Financing Uses	(13,230)	-	-	(13,230)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,230)</u>	<u>20,000</u>	<u>-</u>	<u>(13,230)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(30,125)</u>	<u>40,656</u>	<u>-</u>	<u>10,531</u>
<i>Fund Cash Balances, January 1</i>	<u>153,466</u>	<u>115,332</u>	<u>453</u>	<u>269,251</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 123,341</u>	<u>\$ 155,988</u>	<u>\$ 453</u>	<u>\$ 279,782</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)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 220,019
<i>Total Operating Cash Receipts</i>	220,019
Operating Cash Disbursements	
Personal Services	75,827
Employee Fringe Benefits	14,900
Contractual Services	11,256
Supplies and Materials	73,049
Other	3,952
<i>Total Operating Cash Disbursements</i>	178,984
<i>Operating Income (Loss)</i>	41,035
Non-Operating Receipts (Disbursements)	
Special Assessments	1,862
Earnings on Investments (proprietary funds only)	70
Miscellaneous Receipts	762
Capital Outlay	(20,508)
Principal Retirement	(23,932)
Interest and Other Fiscal Charges	(30,191)
<i>Total Non-Operating Receipts (Disbursements)</i>	(71,937)
<i>Net Change in Fund Cash Balances</i>	(30,902)
<i>Fund Cash Balances, January 1</i>	203,307
<i>Fund Cash Balances, December 31</i>	\$ 172,405

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

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

	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 2,282
<i>Total Additions</i>	2,282
Deductions	
Distributions to Other Governments	300
Distributions to Other Funds (Primary Gov't)	1,547
Other Distributions	20
<i>Total Deductions</i>	1,867
Net Change in Fund Balances	415
<i>Fund Cash Balances, January 1</i>	435
<i>Fund Cash Balances, December 31</i>	\$ 850

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 Pool

The Village participates in the Public Entities Pool of Ohio (The Pool) a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 registration fees restricted for construction, maintenance and repair of streets within the Village.

State Highway Fund – The State Highway 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 includes Traffic Light Repair and painting of pedestrian walking lines.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 account 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 street construction maintenance and repair fund accounts for 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 Levy 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 Villages 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 has 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.

USDA Loan Enterprise Debt Service Fund – The USDA Loan Enterprise Debt Service fund accounts for the improvements to the Water Plant that serves the residents and commercial users.

Utility Deposit Fund – The utility deposit fund accounts for utility deposits and the refunding of deposits when a customer moves.

Refuse Collection Fund – The refuse fund accounts for the provision of refuse services to the residents of the Village.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the activity of the Mayor's Court. This fund receives fines and forfeitures from police department citations. These monies are divided between the Village, the State, and Jefferson County, as prescribed by law.

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(C). 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(C) permit.

Budgetary Process

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

Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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 2020 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.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Police Levy, Water Operating, and Sanitation Enterprise Funds by \$1,490, \$30,376, and \$6,701, respectively, for the year ended December 31, 2020. Also contrary to Ohio law, appropriations exceeded estimated resources in the Street Construction Maintenance and Repair, DEMS/DVFD Levy, USDA Loan Enterprise Debt Service, Issue II Enterprise Debt Service, USDA Reserve Enterprise Debt Service, and Enterprise Garbage Debt Service Reserve Funds by \$22,370, \$1,811, \$62,330, \$5,618, \$21,319, and \$3,556, respectively, for the year ended December 31, 2020.

Note 4 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 190,970	\$ 149,885	\$ (41,085)
Special Revenue	121,635	174,608	52,973
Enterprise	249,770	222,713	(27,057)
Total	\$ 562,375	\$ 547,206	\$ (15,169)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 231,699	\$ 190,133	\$ 41,566
Special Revenue	179,036	140,234	38,802
Capital Projects	453	-	453
Enterprise	308,959	285,385	23,574
Total	\$ 720,147	\$ 615,752	\$ 104,395

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2020
Demand deposits	\$ 259,039
Certificates of deposit	102,180
Total deposits	361,219
Money Market	68,985
STAR Ohio	22,833
Total investments	91,818
Total deposits and investments	\$ 453,037

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Deposits and Investments (Continued)

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$13,076 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit 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.

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

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

Note 7 – Interfund Balances

A payment of \$20,000 was transferred to the Street Construction Maintenance and Repair Fund from the General Fund to cover salaries that were incorrectly appropriated for.

Note 8 – 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.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Risk Management (Continued)

Risk Pool Membership (Continued)

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$ 14,111,510

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Social Security

Several employees 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, 2020.

Note 10 – 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Dump Truck	\$25,100	2.38%
OPWC Water Tank Replacement	3,160	0.00%
USDA Water System Mortgage - Series A	424,100	4.50%
USDA Water System Mortgage - Series B	212,100	4.50%
Total	<u>\$664,460</u>	

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 will be repaid from the Sanitation Enterprise Fund.

The Ohio Public Works Commission (OPWC) Water Tank Replacement Loan is an interest fee 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 Water Operating 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, 2020 is \$11,351. 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

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 - Series A	USDA Water System Mortgage - Series B
2021	\$ 4,496	\$ 1,264	\$ 32,584	\$ 16,344
2022	4,604	1,264	32,577	16,339
2023	4,506	632	32,643	16,219
2024	4,509	-	32,576	16,391
2025	4,609	-	32,584	16,239
2026-2030	4,504	-	163,057	81,533
2031-2035	-	-	163,068	81,484
2036-2040	-	-	162,990	81,545
Total	<u>\$ 27,228</u>	<u>\$ 3,160</u>	<u>\$ 652,079</u>	<u>\$ 326,094</u>

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Contingent Liabilities

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

Note 13 – 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.

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 10,123	\$ 6,282	\$ 16,405
<i>Total</i>	<u>\$ 10,123</u>	<u>\$ 6,282</u>	<u>\$ 16,405</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – Change in Accounting Principles

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

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**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, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 64,593	\$ 24,749	\$ -	\$ 89,342
Intergovernmental	35,854	38,572	-	74,426
Charges for Services	1,168	-	-	1,168
Fines, Licenses and Permits	20,238	1,237	-	21,475
Earnings on Investments	1,538	-	-	1,538
Miscellaneous	51,726	5,058	-	56,784
<i>Total Cash Receipts</i>	<u>175,117</u>	<u>69,616</u>	<u>-</u>	<u>244,733</u>
Cash Disbursements				
Current:				
Security of Persons and Property	53,650	657	-	54,307
Public Health Services	4,000	314	-	4,314
Leisure Time Activities	16,743	-	-	16,743
Transportation	15,840	39,281	-	55,121
General Government	68,263	-	-	68,263
<i>Total Cash Disbursements</i>	<u>158,496</u>	<u>40,252</u>	<u>-</u>	<u>198,748</u>
<i>Net Change in Fund Cash Balances</i>	16,621	29,364	-	45,985
<i>Fund Cash Balances, January 1 - Restated, See Note 13</i>	<u>136,845</u>	<u>85,968</u>	<u>453</u>	<u>223,266</u>
Fund Cash Balances, December 31				
Restricted	-	115,332	453	115,785
Assigned	26,249	-	-	26,249
Unassigned	127,217	-	-	127,217
<i>Fund Cash Balances, December 31</i>	<u>\$ 153,466</u>	<u>\$ 115,332</u>	<u>\$ 453</u>	<u>\$ 269,251</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, 2019**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 253,351	\$ -	\$ 253,351
Fines, Licenses and Permits	-	13,880	13,880
<i>Total Operating Cash Receipts</i>	<u>253,351</u>	<u>13,880</u>	<u>267,231</u>
Operating Cash Disbursements			
Personal Services	82,994	-	82,994
Employee Fringe Benefits	15,976	-	15,976
Contractual Services	5,735	-	5,735
Supplies and Materials	61,701	-	61,701
Other	-	13,912	13,912
<i>Total Operating Cash Disbursements</i>	<u>166,406</u>	<u>13,912</u>	<u>180,318</u>
<i>Operating Income (Loss)</i>	<u>86,945</u>	<u>(32)</u>	<u>86,913</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	361	-	361
Earnings on Investments (proprietary funds only)	211	-	211
Miscellaneous Receipts	758	-	758
Capital Outlay	(19,000)	-	(19,000)
Principal Retirement	(23,564)	-	(23,564)
Interest and Other Fiscal Charges	(31,116)	-	(31,116)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(72,350)</u>	<u>-</u>	<u>(72,350)</u>
<i>Net Change in Fund Cash Balances</i>	14,595	(32)	14,563
<i>Fund Cash Balances, January 1 - Restated, See Note 13</i>	<u>188,712</u>	<u>467</u>	<u>189,179</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 203,307</u>	<u>\$ 435</u>	<u>\$ 203,742</u>

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 Pool

The Village participates in the Ohio Municipal Joint Self-Insurance Pool (OMJSP) a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds - These funds account for and report the proceeds of specific 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 registration fees restricted for construction, maintenance and repair of streets within the Village.

State Highway Fund – The State Highway 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 includes Traffic Light Repair and painting of pedestrian walking lines.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 account 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 street construction maintenance and repair fund accounts for 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 Levy 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 Villages 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 has 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.

USDA Loan Enterprise Debt Service Fund – The USDA Loan Enterprise Debt Service fund accounts for the improvements to the Water Plant that serves the residents and commercial users.

Utility Deposit Fund – The utility deposit fund accounts for utility deposits and the refunding of deposits when a customer moves.

Refuse Collection Fund – The refuse fund accounts for the provision of refuse services to the residents of the Village.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for the activity of the Mayor's Court. This fund receives fines and forfeitures from police department citations. These monies are divided between the Village, the State, and Jefferson County, as prescribed by law.

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(C). 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(C) 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 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 112,100	\$ 175,117	\$ 63,017
Special Revenue	70,642	69,616	(1,026)
Enterprise	268,044	254,681	(13,363)
Total	\$ 450,786	\$ 499,414	\$ 48,628

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 245,475	\$ 164,755	\$ 80,720
Special Revenue	54,987	41,149	13,838
Capital Projects	453	-	453
Enterprise	291,876	248,925	42,951
Total	\$ 592,791	\$ 454,829	\$ 137,962

Note 4 – Deposits and Investments

The Village maintains a deposits 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:

	2019
Demand deposits	\$ 279,696
Certificates of deposit	101,883
Total deposits	381,579
Money Market	68,742
STAR Ohio	22,672
Total investments	91,414
Total deposits and investments	\$ 472,993

Deposits

Deposits are insured by the Federal Deposit 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.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Taxes

Property Taxes

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

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

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

Note 6 – 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.

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, 2019, 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, 2019.

Assets	\$ 1,582,183
Liabilities	(1,087,219)
Accumulated Surplus	<u>\$ 494,964</u>

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – 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, 2019.

Social Security

Several employees 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, 2019.

Note 8 – 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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
USDA Dump Truck	\$29,000	2.38%
OPWC Water Tank Replacement	3,792	0.00%
USDA Water System Mortgage - Series A	437,100	4.50%
USDA Water System Mortgage - Series B	218,500	4.50%
Total	\$688,392	

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 will be repaid from the Enterprise Garbage Debt Service Reserve Fund.

The Ohio Public Works Commission (OPWC) Water Tank Replacement Loan is an interest fee 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 Water Operating Fund.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – 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, 2019 is \$11,351. 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 Reserve Enterprise Debt Service Fund.

Amortization

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 - Series A	USDA Water System Mortgage - Series B
2020	\$ 4,589	\$ 632	\$ 32,670	\$ 16,233
2021	4,496	1,264	32,584	16,344
2022	4,604	1,264	32,577	16,339
2023	4,506	632	32,643	16,219
2024	4,509	-	32,576	16,391
2025-2029	9,113	-	163,026	81,517
2030-2034	-	-	163,014	81,455
2035-2039	-	-	163,055	81,527
2040-2044	-	-	32,604	16,302
Total	<u>\$ 31,817</u>	<u>\$ 3,792</u>	<u>\$ 684,749</u>	<u>\$ 342,327</u>

Note 10 – 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 believes any refunds would be immaterial.

Note 11 – Public Entity Risk Pool

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Restatement of Fund Balances

The Village's fund cash balances at January 1, 2019 have been restated to record the beginning balance of the Village's Mayor's Court Fund as well as to move the beginning balance of the Unclaimed Monies Fund to the General Fund. These adjustments resulted in the following changes in fund balances at January 1, 2019:

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Fund Balance at December 31, 2018 as Previously Reported	\$ 136,750	\$ 85,968	\$ 453	\$ 223,171
Adjustment to reclassify Unclaimed Monies Fund beginning balance to the General Fund.	95	-	-	95
Fund Balance January 1, 2019 as Restated	\$ 136,845	\$ 85,968	\$ 453	\$ 223,266
	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Agency/ Custodial		
Fund Balance at December 31, 2018 as Previously Reported	\$ 188,712	\$ 195	\$ 188,907	
Adjustment to reclassify Unclaimed Monies Fund beginning balance to the General Fund.	-	(95)	(95)	
Adjustment to record the beginning balance of the Mayor's Court Fund	-	367	367	
Fund Balance January 1, 2019 as Restated	\$ 188,712	\$ 467	\$ 189,179	

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

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the **Village of Dillonvale**, Jefferson County, (the Village) and have issued our report thereon dated September 15, 2023, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, added a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types, and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Government Fund Types. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2020-001 through 2020-006 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2020-007 and 2020-008 described in the accompanying schedule of audit findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 2020-003 through 2020-006 and items 2020-008 through 2020-010.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



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

September 15, 2023

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Clerk-Treasurer and is essential to ensure information provided to the readers of the financial statements is accurate. The Village should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. The Village did not always accurately post receipts and disbursements to the Village's accounting system and did not always accurately classify fund balances. The following errors were noted:

- Receipts that should have been posted to Miscellaneous were posted to Extraordinary Items and Intergovernmental in the General Fund and Special Items in the Fire Demolition Lien Law Fund in 2020, and to Extraordinary Items and Charges for Services in the General Fund in 2019;
- Some Gasoline Excise Tax receipts were improperly allocated between the Street Construction, Maintenance, and Repair Fund and State Highway Fund in 2020, and some were mistakenly posted to the General Fund and Permissive Motor Vehicle License Tax Fund instead of the Street Construction, Maintenance, and Repair Fund and State Highway Fund in 2019;
- Some County Auto License Tax receipts were improperly allocated between the Street Construction, Maintenance, and Repair Fund and State Highway Fund in 2020 and 2019;
- Some Permissive Tax receipts were mistakenly posted to the General Fund and Street Construction, Maintenance, and Repair Fund instead of the Permissive Motor Vehicle License Tax Fund in 2020, and some were mistakenly posted to the General Fund, Street Construction, Maintenance, and Repair Fund, and State Highway Fund instead of the Permissive Motor Vehicle License Tax Fund in 2019;
- Some Property Tax Rollback receipts were posted entirely to the General Fund instead of being allocated between the General Fund, Police Levy Funds, and DEMS/DVFD Levy Fund in 2020 and 2019;
- One Manufactured Home receipt was improperly allocated between the General Fund and DEMS/DVFD Levy Fund in 2020;
- One Liquor Permit receipt was mistakenly posted to the Street Construction, Maintenance, and Repair Fund and State Highway Fund instead of the General Fund in 2020;
- Two receipts from the Village Mayor's Court were mistakenly posted in the Drug Law Enforcement Fund rather than the General Fund in 2019;
- Debt payments that should have been allocated between principal and interest were posted to Supplies and Materials in the Water Operating Fund in 2020 and 2019;
- Debt payments to the USDA totaling \$53,491 were not posted to the accounting system in 2020;
- Unclaimed Monies Fund activity and fund balance should have been reported as a part of the General Fund in the Annual Financial Report rather than as part of the Custodial Fund in 2020 and Agency Fund in 2019;
- Mayor's Court activity was not properly posted in the Custodial Fund in 2020 and the Agency Fund in 2019;
- Audit adjustments from the 2018-2017 audit were not properly posted in the accounting system during the 2020-2019 audit period and have been repropose; and
- A portion of the General Fund balance should have been reported as Assigned due to year end outstanding encumbrances and subsequent year appropriations exceeding estimated receipts in 2019.

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

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

The following reclassifications were inconsequential to the overall financial statements of the Village for December 31, 2020 and 2019 and were not posted to the financial statements or ledgers:

- A property tax rollback receipt was recorded as Property and Other Local Taxes instead of Intergovernmental in the General Fund, Police Levy Funds, and DEMS/DVFD Levy Fund in 2020; and
- Receipts that should have been posted to Miscellaneous were posted to Property and Other Local Taxes and Intergovernmental in the General Fund in 2019.

Corrections were also made to the notes to the financial statements both to correct errors and to adjust for audit adjustments.

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 sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Clerk-Treasurer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response – A new Fiscal Officer was hired on May 14, 2022. Steps have been taken to ensure postings are proper.

FINDING NUMBER 2020-002

Material Weakness

Cash Reconciliation

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Clerk-Treasurer is responsible for reconciling the book (fund) balance to the total bank balance monthly, and the Council is responsible for reviewing the reconciliations and related support.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-002 (Continued)

Material Weakness (Continued)

Cash Reconciliation (Continued)

Bank reconciliations were not prepared timely (within the subsequent month) for all 12 reconciliations in 2020 and for 9 of the 12 reconciliations in 2019. Also, Other Adjusting Factors were entered to reconcile the bank and book balances for a majority of the months in both 2020 and 2019. The balance of the Mayor's Court bank account was also not included in the accounting system in 2020 and 2019. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Clerk-Treasurer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected timely. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document those reviews.

Officials' Response: Since May 14, 2022 all bank reconciliations are performed and presented to Village Council.

FINDING NUMBER 2020-003

Material Weakness/Noncompliance

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); and
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.

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.

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-003 (Continued)

Material Weakness/Noncompliance (Continued)

Budgetary Controls (Continued)

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: Budgetary procedures have been put into place since May 14, 2022 to ensure compliance.

FINDING NUMBER 2020-004

Material Weakness/Noncompliance

According to **Auditor of State Bulletin 97-019**, while there is no provision in **Ohio Rev. Code Ch. 1905** that explicitly establishes a mayor's court computerization fund similar to **Ohio Rev. Code § 1901.261 and 1907.261**, it is the Auditor of State's opinion that the mayor's courts are also able to establish a computer fund. The fee charged to computerize operations of the court and the office of the clerk of its court of \$3 per **Ohio Rev. Code § 1901.261(A)(1)** and \$10 per **Ohio Rev. Code § 1901.261(B)(1)** must be placed in a special revenue fund.

During the audit period, the Village charged and paid into the Mayor's Court Computer Fund a total of \$16 per case, which exceeds the \$13 allowable amount. The amount in excess of \$13 should have been posted to the General Fund.

We recommend the Village review Ohio Rev. Code § 1901.261 to ensure the proper amount for computerization is charged and remitted to the Mayor's Court Computer Fund.

Officials' Response – Mayor's Court was dissolved on June 2, 2022.

FINDING NUMBER 2020-005

Material Weakness/Noncompliance

Overpayment of Payroll Wages

Ohio Rev. Code § 731.13 states, in part, the legislative authority of a Village "shall fix the compensation of all officers, clerks, and employees of the Village except as otherwise provided by law.

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-005 (Continued)

Material Weakness/Noncompliance (Continued)

Overpayment of Payroll Wages (Continued)

Due to the lack of procedures in place to properly review timesheets and not having monitoring procedures in place for expenditures made, the Village incorrectly paid several employees during the audit period.

On April 2, 2020, Mark Brown was paid for 30 hours of overtime at a rate of \$15.90 when he should have been paid at his regular rate of \$10.60, a difference of \$5.30 per hour resulting in an overpayment of \$159.

On April 16, 2020, Cody Moore was paid for 80 hours, whereas his timesheet specified that he worked 72 hours. Upon further review of the timesheet, his actual clocked in time was 76 hours, resulting in an overpayment of 4 hours at \$11.50 per hour totaling \$46.

On November 12, 2020, Kirk Yanda was paid for 8 holiday hours for Veterans Day, however, he also worked on this day and was paid at the overtime rate for the hours worked on the Holiday. According to the Clerk-Treasurer, as he worked on the holiday, he should not have received both the holiday pay and the overtime pay for the time worked. The holiday hours were paid at a rate of \$10 per hour, resulting in an overpayment of \$80.

Individual employees completed time sheets. However, no supervisory approval of those time sheets was obtained as evidenced by supervisory signature on the time sheet. This could result in improperly recorded hours and questioned payments to employees.

The Village Council should establish procedures for payroll processing which include supervisory approval of time sheets as indicated by signature.

The Village should implement procedures and/or controls to help ensure that employee wages are properly calculated and paid per approved rates and hours worked.

Officials' Response – New procedures have been put into place to ensure employees are properly compensated.

FINDING NUMBER 2020-006

Material Weakness/Noncompliance

26 U.S.C. § 3402 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2020-006 (Continued)

Material Weakness/Noncompliance (Continued)

26 U.S.C. § 3402 and Ohio Rev. Code § 5747.06 (Continued)

In addition, **Ohio Rev. Code § 5747.06** requires every employer 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 reasonable estimate of the amount of state income tax which will be due.

The Clerk-Treasurer did not submit the Form 941 quarterly reports or remit federal withholdings as required by the IRS timely in 2020 and 2019 and no payments were made for the 3rd and 4th quarters of 2020. Interest and penalties from Fiscal Year 2018 were also paid in 2019. Total interest and penalties paid during the audit period were \$2,333.71. Additional interest and penalties totaling \$2,382.71 for Fiscal Year 2020 were paid in 2022. As of December 31, 2020, \$6,437.71 was due to the IRS for the 3rd and 4th quarters of 2020.

The IT 941 reports as required by the State of Ohio were also not submitted timely in 2020 and 2019. Interest and penalties from Fiscal Year 2018 were also paid in 2019. Total interest and penalties paid during the audit period were \$30.72 and an additional \$1,089.24 assessed on the 2019, 2020, and 2021 reports was paid in Fiscal Year 2022. An additional \$34.27 assessed on the 2020 IT 941 has not yet been paid. As of December 31, 2020, \$1,070.37 was due to the State Department of Taxation for the for 2020 and 2019 tax withholdings.

Of the above noted interest and penalties totaling \$4,716.42 to the IRS and \$1,119.96 to the State Department of Taxation, the breakdown between responsible personnel was as follow:

Responsible Personnel	IRS Interest and Penalties	State Interest and Penalties
Mildred Armbruster	\$ 622.90	\$ 0.00
Michele Dulesky	713.52	0.00
Arthur Panepucci	21.19	29.93
John Lee	976.10	690.39
Zachary Thomas	2,382.71	389.52
Zachary Thomas & Joe Carothers	0.00	10.12
Total	\$ 4,716.42	\$ 1,119.96

We recommend the Clerk-Treasurer follow up with the IRS and the State Department of Taxation to ensure that contributions are up to date. We also recommend the Clerk-Treasurer remit the required amounts and file the required reports when completing the last payroll of each quarter to avoid accrual of interest and penalties.

Officials' Response – Since hiring a new Fiscal Officer all back withholdings have been paid and are now being submitted monthly.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-007

Significant Deficiency

Tracking of Leave Balances

Village Ordinance 1994-25 establishes the benefits for employee paid holidays and sick leave accrual, which is accumulated at 1.25 days per month up to a maximum balance of 40 days for full-time employees after a 6-month probationary period. Village Ordinance 2004-21 establishes the benefits for employee vacation leave accrual, which is awarded based on length of service to full-time employees. Also, the Village requests employees provide notification to their supervisor by April 1st annually so vacations can be approved and posted.

A review of the 2020 and 2019 Wage Detail reports showed two employees carried negative leave balances and a few employees did not have their leave balances tracked in the Uniform Accounting Network (UAN) system. Balances were not properly updated in the UAN system resulting in leave balances exceeding available balances. Failure to update leave balances could result in employees being entitled to more or less leave than system reports include.

Employee Mark Brown was paid for 301.95 hours of leave exceeding the leave he was entitled to which equates to \$3,244.74 more in gross wages than allowed (assessed through year-end 2022). Employee Byron Besece was paid for 67.35 hours of leave exceeding the leave he was entitled to which equates to \$558.92 more in gross wages than allowed.

The Clerk-Treasurer should update available leave balances at the beginning of each year in UAN and leave balances should be accurately maintained throughout the year with updates being completed when time is used by each employee. The Village should also consider using leave forms which are approved by the Supervisor and compared to the timesheet each pay. This will help ensure that sick and vacation leave is being properly tracked.

Officials' Response – The new Fiscal Officer is manually tracking leave balances.

FINDING NUMBER 2020-008

Significant Deficiency/Noncompliance

Ohio Rev. Code § 145.47 states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period.

The Village did not submit the monthly OPERS reports for four months in 2020 and five months in 2019 timely. This resulted in the Village owing and paying OPERS late filing fees totaling \$304.80 (\$14.59 of which was paid in Fiscal Year 2021). Additional late filing fees assessed on the 2021 and 2022 late filings totaled \$248.15 of which \$85.58 was paid in 2021 and \$162.57 was paid in 2022. As of December 31, 2020, all reports have been submitted.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2020-008 (Continued)

Significant Deficiency/Noncompliance (Continued)

Ohio Rev. Code § 145.47 (Continued)

Of the above noted late fees totaling \$552.95 to OPERS, the breakdown between responsible personnel was as follow:

Responsible Personnel	OPERS Interest and Penalties
Arthur Panepucci	\$ 130.97
John Lee	159.24
Zachary Thomas	58.85
Zachary Thomas & Joe Carothers	109.32
Beth Petrosino	94.57
Total	\$ 552.95

We recommend the Village follow up with OPERS to ensure that contributions are up to date. We also recommend the Village take the care necessary to ensure OPERS contributions are being remitted timely and in the correct amount to avoid accrual of interest and penalties.

Officials' Response – The new Fiscal Officer is submitting to OPERS on a monthly basis.

FINDING NUMBER 2020-009

Noncompliance

Ohio Rev. Code Section 149.351(A), states, in part, that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

The following items were not provided by the Village:

- Timesheets for four employees selected for testing in 2019;
- Invoice for a garage door purchase from Deluxe Doors in 2020; and
- Support for a police cruiser insurance reimbursement from Public Entities Pool of Ohio in 2020.

The Village should implement procedures so that all records are maintained and are only removed or destroyed in accordance with the Village's record retention schedule. Failure to retain these required public records may result in an incomplete audit trail and create potential problems for future management decisions.

Officials' Response – The new Fiscal Officer is maintaining and securing all records for the Village.

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-010

Noncompliance

Ohio Rev. Code § 733.40 requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by clerk into the Village's treasury on the first Monday of each month.

Ohio Rev. Code § 2743.70 states, in part, the court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose the following sum as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender: (a) Thirty dollars, if the offense is a felony; (b) Nine dollars, if the offense is a misdemeanor. The court shall not waive the payment of the thirty- or nine-dollar court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender. All such moneys shall be transmitted on the first business day of each month by the clerk of the court to the treasurer of state and deposited by the treasurer in the reparations fund.

Ohio Rev. Code § 2949.091 states, in part, the court, in which any person is convicted of or pleads guilty to any offense shall impose one of the following sums as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender: (i) Thirty dollars if the offense is a felony; (ii) Twenty dollars if the offense is a misdemeanor other than a traffic offense that is not a moving violation; (iii) Ten dollars if the offense is a traffic offense that is not a moving violation, excluding parking violations. All moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state to the credit of the indigent defense support fund established under section 120.08 of the Revised Code. The court shall not waive the payment of the additional thirty-, twenty-, or ten-dollar court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Ohio Rev. Code § 2941.094 states, in part, the court in which any person is convicted of or pleads guilty to any moving violation shall impose an additional court cost of ten dollars upon the offender. The court shall not waive the payment of the ten dollars unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender. The clerk of the court shall transmit thirty-five per cent of all additional court costs collected pursuant to this division during a month on or before the twenty-third day of the following month to the state treasury of which ninety-seven per cent shall be credited to the drug law enforcement fund created under section 5502.68 of the Revised Code and the remaining three per cent shall be credited to the justice program services fund created under section 5502.67 of the Revised Code. The clerk shall transmit fifteen per cent of all additional court costs so collected during a month on or before the twenty-third day of the following month to the county or municipal indigent drivers alcohol treatment fund under the control of that court, as created by the county or municipal corporation under division (H) of section 4511.191 of the Revised Code. The clerk shall transmit fifty per cent of all additional court costs so collected during a month on or before the twenty-third day of the following month to the state treasury to be credited to the indigent defense support fund created pursuant to section 120.08 of the Revised Code.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-010 (Continued)

Noncompliance (Continued)

Our review of the Village's Mayor's Court disclosed the following:

- Mayor's Court remittances were not made timely to the Village's General Fund and the Mayor's Court Computer Fund as required by Section 733.40 for 1 of the 6 months tested in 2020 and 7 of the 12 months tested in 2019;
- Mayor's Court remittances were not made to the Village's General Fund and the Mayor's Court Computer Fund as required by Section 733.40 for July through December 2020. The amount that should have been remitted to the Village's General Fund and the Mayor's Court Computer Fund during this period was \$480 and \$75, respectively, which should have been paid from the Custodial Fund;
- Mayor's Court remittances were not made to the Treasurer of State as required by Sections 2743.70, 2949.091, and 2949.094, for July through December 2020. Also, the amount remitted to the Treasurer of State was not always correct in 2020 and 2019. The amount that should have been remitted to the Treasurer of State during this period was \$262.50 of this amount \$75 should be paid from the General Fund and \$187.50 should be paid from the Custodial Fund;
- Mayor's Court remittances were not made to the Dillonvale Municipal Court as required by Section 2949.094 for all months in 2020 and 2019, and were instead remitted to the Village's General Fund. The amount that should have been remitted to the Dillonvale Municipal Court during this period was \$144, of this amount \$136.50 should be paid from the General Fund and \$7.50 should be paid from the Custodial Fund.

We recommend the Clerk of Courts review the Ohio Rev. Code sections noted above and ensure the fines collected are being allocated and disbursed in accordance with these sections. We also recommend the Village distribute the correct fines collected by the Village's Mayor's Court to the Village and other applicable agencies by the required dates.

Officials' Response – Mayor's Court was dissolved as of June 2, 2022.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Posting Receipts, Disbursements and Fund Balance Classification	Not Corrected	Repeated as Finding 2020-001
2018-002	Budgetary Controls	Not Corrected	Repeated as Finding 2020-003
2018-003	Payroll Withholding Remittances	Not Corrected	Repeated as Finding 2020-006

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF DILLONVALE

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/9/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov