



**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Dillonvale
Jefferson County
P. O. Box 546
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To the Village Council:

We have audited the accompanying financial statements of the Village of Dillonvale, Jefferson County, Ohio (the Village) as of and for the year ended December 31, 1997. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1997, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 26, 1999, 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 grants.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

July 26, 1999

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1997**

	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only) Total
Cash receipts:					
Local taxes	\$42,688	\$22,829	\$0	\$0	\$65,517
Intergovernmental	32,383	65,593	0	0	97,976
Charges for services	6,204	5,000	0	0	11,204
Fines, licenses, and permits	12,822	100	0	0	12,922
Miscellaneous	13,517	22,500	0	0	36,017
Total cash receipts	107,614	116,022	0	0	223,636
Cash disbursements:					
Current:					
Security of persons and property	36,835	41,366	0	0	78,201
Public health services	1,000	17,288	0	0	18,288
Leisure time activities	10,119	11,254	0	0	21,373
Transportation	6,170	14,580	0	0	20,750
General government	34,379	1,532	0	0	35,911
Debt Service	1,434	3,506	4,757	0	9,697
Capital outlay	5,184	0	0	51,739	56,923
Total cash disbursements	95,121	89,526	4,757	51,739	241,143
Total receipts over/(under) cash disbursements	12,493	26,496	(4,757)	(51,739)	(17,507)
Other financing receipts/(disbursements):					
Sale of notes	0	0	0	49,989	49,989
Other uses	(8,679)	(915)	0	0	(9,594)
Transfers-in	0	0	4,757	0	4,757
Transfers-out	(1,315)	(701)	0	0	(2,016)
Total other financing receipts/(disbursements)	(9,994)	(1,616)	4,757	49,989	43,136
Excess of cash receipts and other financing receipts over/ (under) cash disbursements and other financing disburse	2,499	24,880	0	(1,750)	25,629
Fund cash balances January 1, 1997	40,893	27,257	0	1,750	69,900
Fund cash balances, December 31, 1997	<u>\$43,392</u>	<u>\$52,137</u>	<u>\$0</u>	<u>\$0</u>	<u>\$95,529</u>
Reserve for encumbrances, December 31, 1997	<u>\$1,827</u>	<u>\$614</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,441</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUNDS AND SIMILAR
FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Enterprise</u>	<u>Agency</u>	(Memorandum Only) <u>Total</u>
Operating cash receipts:			
Charges for services	\$171,570	\$0	\$171,570
Miscellaneous	4,565	0	4,565
Total operating cash receipts	<u>176,135</u>	<u>0</u>	<u>176,135</u>
Operating cash disbursements:			
Personal services	57,272	0	57,272
Supplies and materials	61,915	0	61,915
Capital outlay	9,072	0	9,072
Total operating cash disbursements	<u>128,259</u>	<u>0</u>	<u>128,259</u>
Operating income/(loss)	<u>47,876</u>	<u>0</u>	<u>47,876</u>
Non-operating cash receipts:			
Other non-operating revenues	0	15,809	15,809
Total non-operating cash receipts	<u>0</u>	<u>15,809</u>	<u>15,809</u>
Non-operating cash disbursements:			
Debt service	7,131	0	7,131
Other non-operating cash disbursements	5,153	15,792	20,945
Total non-operating cash disbursements	<u>12,284</u>	<u>15,792</u>	<u>28,076</u>
Excess of receipts over/(under) disbursements before interfund transfers and advances	35,592	17	35,609
Transfers-out	<u>(2,741)</u>	<u>0</u>	<u>(2,741)</u>
Net receipts over/(under) disbursements	32,851	17	32,868
Fund cash balances, January 1, 1997	<u>127,820</u>	<u>150</u>	<u>127,970</u>
Fund cash balances, December 31, 1997	<u>\$160,671</u>	<u>\$167</u>	<u>\$160,838</u>
Reserve for encumbrances, December 31, 1997	<u>\$3,750</u>	<u>\$0</u>	<u>\$3,750</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Dillonvale, Jefferson County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including utility, police, and street maintenance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

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

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Cops Fast Federal Grant Fund - This fund receives federal grant monies which are used to provide additional police protection services.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997
(Continued)

3. Debt Service Funds

The debt service funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Debt Service Fund: This fund is used to retire various Village debt issues.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Ohio Water Development Authority Capital Project Fund - This fund is used to account for monies received from state and federal sources used to construct water system improvements.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sanitation Fund - This fund receives charges for services from residents to cover the cost of providing utility.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayors Court Fund - This fund accounts for all monies received and disbursed for Mayors Court activity.

E. Budgetary Process

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

1. Appropriations

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997
(Continued)

2. 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 also approve estimated resources.

3. 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 1997 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	1997
Demand deposits	\$ 160,862
Certificate of deposits	<u>95,505</u>
Total deposits	<u>\$ 256,367</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending 1997 were as follows:

1997 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 109,226	\$ 107,614	\$ (1,612)
Special Revenue	117,869	116,022	(1,847)
Debt Service	54,747	4,757	(49,990)
Capital Projects	0	49,989	49,989
Enterprise	<u>174,196</u>	<u>176,135</u>	<u>1,939</u>
Total	\$ <u>456,038</u>	\$ <u>454,517</u>	\$ <u>(1,521)</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997
(Continued)

1997 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 141,766	\$ 106,942	\$ 34,824
Special Revenue	141,619	91,756	49,863
Debt Service	14,286	4,757	9,529
Capital Projects	51,740	51,739	1
Enterprise	<u>302,441</u>	<u>147,034</u>	<u>155,407</u>
Total	\$ <u>651,852</u>	\$ <u>402,228</u>	\$ <u>249,624</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

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

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

5. DEBT

Debt outstanding at December 31, was as follows:

	Principal	Interest Rate
General Operating Note	\$ 19,359	7.75%
Truck Loan	5,127	6.00%
Engineering Loan	50,000	6.00%
Ohio Water Development Authority Loan	<u>72,500</u>	0.00%
Total	<u>\$146,986</u>	

The truck loan relates to the purchase of a truck.

The proceeds from the general operating loan were used to consolidate various debt issues of the Village.

The proceeds from the engineering loan were used for professional engineering services necessary for the construction of the water project.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997
(Continued)

The Ohio Water Development Authority (OWDA) loan relates to a water improvement project. OWDA financed the project. The loan will be paid over the next year.

Amortization of the above debt, including interest of \$ 4,718 is scheduled as follows:

Year ending December 31:	General Operating Loan	Truck Loan	Engineering Loan	OWDA Loan
1998	\$ 10,256	\$ 4,030	\$ 52,874	\$ 72,500
1999	<u>10,727</u>	<u>1,317</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 20,983</u>	<u>\$ 5,347</u>	<u>\$ 52,874</u>	<u>\$ 72,500</u>

6. RETIREMENT SYSTEMS

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1997, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December of 1997.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public official's liability
- Vehicles

8. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Village's operations as early as fiscal year 1999.

The Village of Dillonvale has completed an inventory of computer systems and other equipment necessary to conducting Village operations and has identified two such systems, the payroll and the utilities billing system.

The payroll and utilities reporting system is purchased from Data Ease. Data Ease reports that their software will be able to continue operation without extra charges for year 2000 compliance.

Jefferson County collects property taxes for distribution. Jefferson County is responsible for remediating the tax collection and distribution system.

The State of Ohio distributes money to the Village in the form of Homestead and Rollback taxes, gas taxes and grants. The state is responsible for remediation of the system.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997
(Continued)

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village is or will be Year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be year 2000 ready.



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the financial statements of the Village of Dillonvale, Jefferson County, Ohio (the Village) as of and for the year ended December 31, 1997 and have issued our report thereon dated July 26, 1999. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 26, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Village in a separate letter dated July 26, 1999.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

July 26, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF DILLONVALE

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2000**