



Dave Yost • Auditor of State

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

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Dave Yost • Auditor of State

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 and related notes of the Village of Dillonvale, Jefferson County, (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory accounting basis described in Note 1 and accounting principles generally accepted in the United States of America are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position 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 combined cash balances of the Village of Dillonvale, Jefferson County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2015, 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.



Dave Yost
Auditor of State
Columbus, Ohio

May 11, 2015

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$44,843	\$24,654	\$69,497
Intergovernmental	23,377	32,436	55,813
Charges for Services	1,940		1,940
Fines, Licenses and Permits	11,680	332	12,012
Earnings on Investments	1,013	3	1,016
Miscellaneous	3,013		3,013
<i>Total Cash Receipts</i>	<u>85,866</u>	<u>57,425</u>	<u>143,291</u>
Cash Disbursements			
Current:			
Security of Persons and Property	51,811	7,778	59,589
Public Health Services	1,000	28,056	29,056
Leisure Time Activities	10,223		10,223
Community Environment		400	400
Transportation	6,129	40,127	46,256
General Government	52,681		52,681
Debt Service:			
Principal Retirement	6,874	2,554	9,428
Interest and Fiscal Charges	778	312	1,090
<i>Total Cash Disbursements</i>	<u>129,496</u>	<u>79,227</u>	<u>208,723</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(43,630)</u>	<u>(21,802)</u>	<u>(65,432)</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	475		475
Transfers Out	(979)		(979)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(504)</u>	<u>0</u>	<u>(504)</u>
<i>Special Item</i>		13,654	13,654
<i>Net Change in Fund Cash Balances</i>	(44,134)	(21,802)	(65,936)
<i>Fund Cash Balances, January 1</i>	<u>225,906</u>	<u>26,333</u>	<u>252,239</u>
Fund Cash Balances, December 31			
Restricted	-	18,185	18,185
Unassigned (Deficit)	181,772		181,772
<i>Fund Cash Balances, December 31</i>	<u>\$181,772</u>	<u>\$18,185</u>	<u>\$199,957</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 (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$213,428		\$213,428
Fines, Licenses and Permits		\$5,316	5,316
<i>Total Operating Cash Receipts</i>	<u>213,428</u>	<u>5,316</u>	<u>218,744</u>
Operating Cash Disbursements			
Personal Services	81,460		81,460
Employee Fringe Benefits	12,594		12,594
Contractual Services	1,265		1,265
Supplies and Materials	69,501		69,501
Other	5,181	5,316	10,497
<i>Total Operating Cash Disbursements</i>	<u>170,001</u>	<u>5,316</u>	<u>175,317</u>
<i>Operating Income (Loss)</i>	<u>43,427</u>	<u>0</u>	<u>43,427</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	15		15
Special Assessments	82		82
Earnings on Investments (proprietary funds only)	3		3
Miscellaneous Receipts	1,089		1,089
Capital Outlay	(7,885)		(7,885)
Principal Retirement	(26,105)		(26,105)
Interest and Other Fiscal Charges	(35,689)		(35,689)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(68,490)</u>	<u>0</u>	<u>(68,490)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(25,063)</u>	<u>0</u>	<u>(25,063)</u>
Transfers In	56,039		56,039
Transfers Out	(55,061)		(55,061)
<i>Net Change in Fund Cash Balances</i>	<u>(24,085)</u>	<u>0</u>	<u>(24,085)</u>
<i>Fund Cash Balances, January 1</i>	<u>231,702</u>	<u>270</u>	<u>231,972</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$207,617</u></u>	<u><u>\$270</u></u>	<u><u>\$207,887</u></u>

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$41,386	\$23,490		\$64,876
Intergovernmental	28,015	33,562	6,872	68,449
Charges for Services	2,486			2,486
Fines, Licenses and Permits	11,971	437		12,408
Earnings on Investments	630	7		637
Miscellaneous	384			384
<i>Total Cash Receipts</i>	<u>84,872</u>	<u>57,496</u>	<u>6,872</u>	<u>149,240</u>
Cash Disbursements				
Current:				
Security of Persons and Property	46,572	6,350		52,922
Public Health Services	2,000	13,491		15,491
Leisure Time Activities	7,470			7,470
Community Environment		362		362
Transportation	17,017	34,416		51,433
General Government	53,666			53,666
Capital Outlay	55,353		6,872	62,225
Debt Service:				
Principal Retirement	3,305	2,459		5,764
Interest and Fiscal Charges	507	406		913
<i>Total Cash Disbursements</i>	<u>185,890</u>	<u>57,484</u>	<u>6,872</u>	<u>250,246</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(101,018)</u>	<u>12</u>	<u>0</u>	<u>(101,006)</u>
Other Financing Receipts (Disbursements)				
Sale of Notes	53,000			53,000
Sale of Capital Assets	4,500			4,500
Transfers Out	(599)			(599)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>56,901</u>	<u>0</u>	<u>0</u>	<u>56,901</u>
<i>Net Change in Fund Cash Balances</i>	<u>(44,117)</u>	<u>12</u>	<u>0</u>	<u>(44,105)</u>
<i>Fund Cash Balances, January 1</i>	<u>270,023</u>	<u>26,321</u>		<u>296,344</u>
Fund Cash Balances, December 31				
Restricted	-	26,333	0	26,333
Unassigned (Deficit)	225,906		0	225,906
<i>Fund Cash Balances, December 31</i>	<u>\$225,906</u>	<u>\$26,333</u>	<u>\$0</u>	<u>\$252,239</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 (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$217,126		\$217,126
Fines, Licenses and Permits		\$6,251	6,251
<i>Total Operating Cash Receipts</i>	<u>217,126</u>	<u>6,251</u>	<u>223,377</u>
Operating Cash Disbursements			
Personal Services	76,097		76,097
Employee Fringe Benefits	12,278		12,278
Contractual Services	3,247		3,247
Supplies and Materials	62,824		62,824
Other	2,071	6,251	8,322
<i>Total Operating Cash Disbursements</i>	<u>156,517</u>	<u>6,251</u>	<u>162,768</u>
<i>Operating Income (Loss)</i>	<u>60,609</u>	<u>0</u>	<u>60,609</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	2,103		2,103
Special Assessments	242		242
Earnings on Investments (proprietary funds only)	4		4
Miscellaneous Receipts	681		681
Capital Outlay	(15,808)		(15,808)
Principal Retirement	(26,692)		(26,692)
Interest and Other Fiscal Charges	(36,860)		(36,860)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(76,330)</u>	<u>0</u>	<u>(76,330)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(15,721)</u>	<u>0</u>	<u>(15,721)</u>
Transfers In	55,713		55,713
Transfers Out	(55,115)		(55,115)
<i>Net Change in Fund Cash Balances</i>	<u>(15,123)</u>	<u>0</u>	<u>(15,123)</u>
<i>Fund Cash Balances, January 1</i>	<u>246,825</u>	<u>270</u>	<u>247,095</u>
<i>Fund Cash Balances, December 31</i>	<u>\$231,702</u>	<u>\$270</u>	<u>\$231,972</u>

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Dillonvale, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, 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.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity This organization is:

Ohio Municipal Joint Self-Insurance Pool:

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

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

B. Accounting Basis

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

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

C. 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 (including STAR Ohio) are recorded at share values the mutual funds report.

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:

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

Dillonvale EMS/Dillonvale VFD Levy – This fund receives levy moneys to pay to the Dillonvale Emergency Medical Service and Dillonvale Volunteer Fire Department for providing the Village emergency services and fire protection.

3. Capital Project Funds

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

Capital Projects Fund – This fund is established for the purpose of accounting for grant money, which is restricted for a specific use. The expenditures of this fund are restricted for capital projects.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

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

USDA Loan Fund - This is a bond fund that is used to repay the bonded debt of the Village's waterline replacement project. Money is transferred from the Water Fund to pay the bonded debt from this fund.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

5. Fiduciary Funds

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

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

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2014	2013
Demand deposits	\$223,032	\$305,218
Certificates of deposit	98,692	97,801
Other time deposits (savings and NOW accounts)	64,763	59,842
Total deposits	386,487	462,861
STAR Ohio	21,357	21,350
Total investments	21,357	21,350
Total deposits and investments	\$407,844	\$484,211

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,493	\$86,341	\$1,848
Special Revenue	70,408	71,078	670
Enterprise	269,222	270,656	1,434
Total	\$424,123	\$428,075	\$3,952

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$307,550	\$130,475	\$177,075
Special Revenue	95,353	79,227	16,126
Enterprise	497,520	294,741	202,779
Total	\$900,423	\$504,443	\$395,980

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$142,251	\$142,372	\$121
Special Revenue	57,496	57,496	0
Capital Projects	6,872	6,872	0
Enterprise	274,639	275,869	1,230
Total	\$481,258	\$482,609	\$1,351

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$412,274	\$186,489	\$225,785
Special Revenue	83,816	57,484	26,332
Capital Projects	6,872	6,872	0
Enterprise	521,464	290,992	230,472
Total	\$1,024,426	\$541,837	\$482,589

4. Property Tax

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

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

5. Debt

Debt outstanding at December 31, 2014 was as follows:

Police Cruiser Loan	\$8,807	3.57%
Backhoe Loan	\$35,360	3.08%
USDA Packer Bonds	\$22,400	4.13%
OWDA Water Mortgage Revenue Bonds	\$740,800	4.41%
OPWC Water Tank Replacement Loan	10,112	0.00%
Total	\$817,479	

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. Debt (Continued)

The Police Cruiser Loan was for the purchase of a new police cruiser for the Village Police Department. The loan is collateralized by the equipment purchased.

The Backhoe Loan was for the purchase of a used backhoe to be used by the Village Street and Utility Departments. The loan is collateralized by the equipment purchased.

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

The Ohio Water Development Authority (OWDA) Water Mortgage Revenue Bonds relate to a repayment of funds borrowed for a water improvement project. This will be repaid in annual installments of approximately \$48,900 including interest for 33 years with user charges. The OWDA Water Mortgage Revenue 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, 2014 is \$50,504. The Village has agreed to set water rates sufficient to cover the revenue bond debt service requirements.

The Ohio Public Works Commission (OPWC) Water Tank Replacement Loan is an interest free loan for a water tank construction project. The loan will be repaid in semi-annual installments of \$632 over 15 years with user charges.

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

Year ending December 31:	Police Cruiser Loan	Backhoe Loan	USDA Garbage Packer Loan	OWDA Water Mortgage Revenue Bonds	OPWC Water Tank Replacement Loan
2015	\$3,812	\$11,464	\$6,124	\$48,936	\$1,264
2016	3,812	11,464	6,209	48,934	1,264
2017	1,588	11,464	6,182	48,801	1,264
2018		2,866	6,247	48,940	1,264
2019				48,939	1,264
2020-2024				244,602	3,792
2025-2029				244,544	
2030-2034				244,468	
Total	<u>\$9,212</u>	<u>\$37,258</u>	<u>\$24,762</u>	<u>\$978,164</u>	<u>\$10,112</u>

6. Retirement System

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

7. Risk Management

Risk Pool Membership

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

The Pool changed its fiscal year end to March 31, effective in 2011, in order to align its financial reporting and budgeting with the renewal terms of its excess reinsurance policies.

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, 2013, retention levels are \$100,000 and \$175,000 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 retained surplus at March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets	\$ 833,561	\$ 1,097,683
Liabilities	<u>(782,525)</u>	<u>(791,222)</u>
Accumulated Surplus	\$ <u>51,036</u>	\$ <u>306,461</u>



Dave Yost • Auditor of State

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 Village of Dillonvale, Jefferson County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated May 11, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

May 11, 2015

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Posting Expenditures and Receipts

Sound financial reporting is the responsibility of the Village's management and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

The Clerk/Treasurer did not correctly code and classify disbursements and receipts in 2014 and 2013, which resulted in audit reclassifications to the financial statements. The Village Clerk/Treasurer has agreed to the reclassifications, and the reclassifications have been posted to the accounting records. The corrected amounts are reflected in the accompanying financial statements.

2013:

Fund	Account Type	Amount	Description
USDA Reserve	Capital Outlay Disbursements	\$10,186	Posted as Interest Disbursements
Permissive Motor Vehicle License	Tax Receipts	6,391	Posted as Intergovernmental Receipts

2014:

Fund	Account Type	Amount	Description
Permissive Motor Vehicle License	Tax Receipts	\$ 6,146	Posted as Intergovernmental Receipts
USDA Reserve	Capital Outlay Disbursements	7,885	Posted as Interest Disbursements

Additionally, other disbursements and receipts in Taxes, Intergovernmental Receipts and Debt were not properly coded and classified. However, these amounts were not material and the statements do not reflect adjustments for these amounts.

Failure to consistently follow a uniform chart of accounts increases the possibility the Village will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Clerk/Treasurer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported.

Auditee's Response: No response received.

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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
JUNE 25, 2015**