



Mary Taylor, CPA
Auditor of State

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis	3
Statement of Net Assets – Modified Cash Basis December 31, 2008	11
Statement of Activities – Modified Cash Basis December 31, 2008.....	12
Statement of Modified Cash Basis Assets and Fund Balances Governmental Funds December 31, 2008.....	13
Statement of Receipts, Disbursements and Changes in Modified – Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2008.....	14
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual – Budget Basis General Fund For the Year ended December 31, 2008	15
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual – Budget Basis Street Construction and Maintenance Fund For the Year ended December 31, 2008	16
Statement of Fund Net Assets – Modified Cash Basis Proprietary Funds For the Year Ended December 31, 2008.....	17
Statement of Cash Receipts, Disbursements and Changes in Net Assets Modified Cash Basis- Proprietary Funds For the Year Ended December 31, 2008.....	18
Statement of Fiduciary Net Assets – Modified Cash Basis- Fiduciary Fund For the Year Ended December 31, 2008.....	19
Statement of Net Assets – Modified Cash Basis December 31, 2007	20
Statement of Activities – Modified Cash Basis December 31, 2007.....	21
Statement of Modified Cash Basis Assets and Fund Balances Governmental Funds December 31, 2007.....	22
Statement of Receipts, Disbursements and Changes in Modified – Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2007.....	23

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual – Budget Basis General Fund For the Year ended December 31, 2007	24
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual – Budget Basis Street Construction and Maintenance Fund For the Year ended December 31, 2007	25
Statement of Fund Net Assets – Modified Cash Basis Proprietary Funds For the Year Ended December 31, 2007	26
Statement of Cash Receipts, Disbursements and Changes in Net Assets Modified Cash Basis- Proprietary Funds For the Year Ended December 31, 2007	27
Statement of Fiduciary Net Assets – Modified Cash Basis- Fiduciary Fund For the Year Ended December 31, 2007	28
Notes to the Financial Statements	29
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	43
Schedule of Prior Audit Findings	45



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Dillonvale
Jefferson County
PO Box 546
Dillonvale, Ohio 43917

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dillonvale, Jefferson County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. We noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dillonvale, Jefferson County, Ohio, as of December 31, 2008 and 2007, and the respective changes in modified cash financial position and the respective budgetary comparison for the General and Street Construction and Maintenance Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2008 and 2007, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 2, 2009

**Village of Dillonvale
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited**

This discussion and analysis of the Village of Dillonvale's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2008 and 2007 are as follows:

Net assets of governmental activities decreased \$13,923, or 14 percent, in 2008 a significant change from 2007.

The Village's general receipts are primarily property taxes. These receipts represent respectively 22 percent of the total cash received for governmental activities during the year 2008 and 26 percent for 2007. Property tax receipts for 2008 changed very little compared to 2007 as development within the Village has slowed.

The water operation, one of the Village's business type activities, remained relatively the same from 2007 to 2008. In the year 2008, water revenue increased .03 per cent, not too much of a difference. The sanitation operation, the other Village's business type activity decreased its revenue by 6 per cent in 2008.

The Village of Dillonvale along with Mt. Pleasant, Rayland and Smithfield were awarded a grant in the amount of \$268,927 from the Ohio Public Works Commission for a Resurfacing and Bridge Project in the year 2007. In 2007, the Village accepted a Community Facilities grant of \$50,000.00 and a loan of \$50,000.00 from the United States Department of Agriculture for the purchase of a new garbage packer. The issuance and sale of the \$50,000.00 – 4.125% Packer Truck Acquisition Note of the issuer took place April 4, 2008.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Village of Dillonvale
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The statements of net assets and the statements of activities reflect how the Village did financially during 2008 and 2007, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has two business-type activities, the provision of water and sanitation services. Business-type activities are financed by a fee charged to the customers receiving the service.

**Village of Dillonvale
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited**

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village has three major governmental funds in 2008 and 2007: General Fund, Street Construction Maintenance and Repair Fund and Capital Project Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has four major enterprise funds: Water Operating Fund, USDA Loan Fund, USDA Reserve Fund and the Garbage Fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**Village of Dillonvale
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited**

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Cash and Cash Equivalents	\$84,033	\$97,998	\$59,919	\$49,634	\$143,952	\$147,632
Investments	1,913	1,871	215,137	204,065	217,050	205,936
Total Assets	\$85,946	\$99,869	\$275,056	\$253,699	\$361,002	\$353,568
Net Assets						
Restricted for:						
Other Purposes	47,646	53,989			47,646	53,989
Unrestricted	38,300	45,880	275,056	253,699	313,356	299,579
Total Net Assets	\$85,946	\$99,869	\$275,056	\$253,699	\$361,002	\$353,568

As mentioned previously, net assets of governmental activities decreased \$ 13,923 or 14 percent during 2008. The primary reasons contributing to the decreases in cash balances are as follows:

- For 2007 General Government expenditures were up 10 percent due to State Auditor Fees and Phase I Environmental Site Assessment Fees.
- Earnings on investments saw a 25% decline in the amount of \$2,058 in 2008 due to the widespread economic crisis and lower interest rates.

**Village of Dillonvale
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited**

Table 2 reflects the changes in net assets on a modified cash basis in 2008 and 2007 for governmental activities, business-type activities and total primary government.

Changes in Net Assets

	Governmental		Business-Type		Total	
	2008	2007	2008	2007	2008	2007
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$13,777	\$8,753	\$218,007	\$216,787	\$231,784	\$225,540
Operating Grants and Contributions	37,182	38,452		1,055	37,182	39,507
Capital Grants and Contributions		56,869			0	56,869
Total Program Receipts	50,959	104,074	218,007	217,842	268,966	321,916
General Receipts:						
Property and Other Local Taxes	58,653	61,075			58,653	61,075
Cable	5,693	5,583			5,693	5,583
Grants and Entitlements Not Restricted	95,283	56,953			95,283	56,953
Sale of Bonds	50,000				50,000	
Sale of Notes			17,412		17,412	
Interest	6,488	8,027	231	404	6,719	8,431
Miscellaneous	1,700	796	2,210	362	3,910	1,158
Total General Receipts	217,817	132,434	19,853	766	237,670	133,200
Total Receipts	268,776	236,508	237,860	218,608	506,636	455,116
Disbursements:						
General Government	50,096	53,048			50,096	53,048
Security of Persons and Property:	52,250	48,276			52,250	48,276
Public Health Services	15,256	15,565	59,035	56,724	74,291	72,289
Leisure Time Activities	12,977	15,857			12,977	15,857
Community Environment	3,994	7,155			3,994	7,155
Transportation	38,214	51,439			38,214	51,439
Capital Outlay	100,000	56,869			100,000	56,869
Principal Retirement	3,817	4,819			3,817	4,819
Interest and Fiscal Charges	248	543			248	543
Water			163,316	156,869	163,316	156,869
Total Disbursements	276,852	253,571	222,351	213,593	499,203	467,164
Excess (Deficiency) Before Transfers	(8,076)	(17,063)	15,509	5,015	7,433	(12,048)
Transfers	(5,847)	(10,210)	5,847	10,210		
Increase (Decrease) in Net Assets	(13,923)	(27,273)	21,356	15,225	7,433	(12,048)
Net Assets, January 1	99,869	127,142	253,700	238,475	353,569	365,617
Net Assets, December 31	\$85,946	\$99,869	\$275,056	\$253,700	\$361,002	\$353,569

**Village of Dillonvale
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited**

In 2008, program receipts represent only 19 percent of total receipts. In 2007, program receipts represent 46 percent of total receipts. Program receipts are primarily comprised of restricted intergovernmental receipts such as operating grants, capital grants, motor vehicle license and gas tax money, and charges for water and sanitation services.

In 2008, general receipts represent 81 percent of the Village's total receipts, and of this amount, over 22 percent are property and local taxes. In 2007, general receipts represent 56 percent of the Village's total receipts, and of this amount, over 26 percent are property and local taxes. State and federal grants and entitlements make up the majority of the Village's general receipts (2008 - 44 percent) (2007 - 43 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Government activities. These include the costs of council, mayor, mayor's court clerk, clerk-treasurer, solicitor and operation of the city building. Since general government costs do not represent direct services to residents, the costs have been limited to 18 percent of government disbursements in 2008 and the costs have been limited to 21 percent of the governmental disbursements in 2007.

Security of Persons and Property are the costs of police protection and street lighting; public health services are the costs of maintaining the cemetery; leisure time activities are the costs of maintaining the recreation center, parks and playing fields; and transportation is the costs of road repair and maintenance.

In 2008, the Village of Dillonvale bought a 2008 F-150 Truck for the water department. The village signed a note on July 2, 2008 in the amount of \$17,412 at 3.75% for 5 years.

In 2007, the Village of Dillonvale along with Mt. Pleasant, Rayland and Smithfield received a grant in the amount of \$268,927 from Ohio Public Works Commission for the Resurfacing and Bridge Project. The Village's grant portion was \$56,868.60.

Governmental Activities

If you look at the Statement of Activities on page 12 and 21, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for capital outlay, transportation and security of persons and property in 2008, which account for 36, 14 and 19 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 18 percent in 2008. The major program disbursements for governmental activities in 2007 are capital outlay which accounts for 22 percent, transportation 20 per cent and security of persons and property at 19 percent of all government disbursements. In 2007 General government represents 21 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Village of Dillonvale
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited**

(Table 3)

Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$50,096	(\$39,351)	\$53,048	(\$47,985)
Security of Persons and Property	\$52,250	(\$52,250)	\$48,276	(\$48,276)
Public Health Services	15,256	(15,256)	15,565	(15,565)
Leisure Time Activities	12,977	(10,646)	15,857	(12,867)
Community Environment	3,994	(3,994)	7,155	(7,155)
Basic Utilities		701		701
Transportation	38,214	(1,032)	51,439	43,882
Capital Outlay	100,000	(100,000)	56,869	(56,869)
Principal Retirement	3,817	(3,817)	4,819	(4,819)
Interest and Fiscal Charges	248	(248)	543	(543)
Total Expenses	\$276,852	(\$225,893)	\$253,571	(\$149,496)

The dependence upon property tax receipts is apparent as over 82 percent of governmental activities are supported through these general receipts in 2008 and 59 percent are supported through general receipts in 2007.

Business-type Activities

The water and sanitation operations of the Village are relatively small. The water department replaced all water lines in the Village within the last ten years but the meters are aging and need to be replaced. The Village has applied for a grant to cover meter replacement with USDA, Ohio EPA and the State of Ohio – Federal Stimulus Initiative.

In 2007, the Village of Dillonvale accepted a Community Facilities \$50,000 grant and a \$50,000 loan from the United States Department of Agriculture for a new garbage packer. The issuance and sale of the \$50,000.00 note was at a rate of 4.125% and it took place April 4, 2008.

The Village's Funds

In 2008, total governmental funds had receipts of \$268,776 and disbursements of \$282,699. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$7,580 as the result of increased costs for salaries and benefits and not achieving anticipated growth in property tax receipts and decrease in earnings on investments.

In 2007, total governmental funds had receipts of \$237,424 and disbursements of \$264,697. The fund balance of the General Fund decreased \$11,120 indicating that the General Fund is in a deficit spending situation. It is the recommendation of the finance committee and the administration that strict monitoring of expenditures in all departments is looked into and preferable to requesting additional funds from the taxpayers. Village officials will review finances periodically and if warranted, will reduce spending in all departments.

**Village of Dillonvale
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited**

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2008 and 2007, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected revenue in Mayor's fines and court costs in 2008 and in 2007, Intergovernmental receipts saw an increase of \$7,797. This represents the State Share (12.5%) of actual costs up to the total approved amount for small projects on FEMA-1556-DR-081. The difference between final budgeted receipts and actual receipts was not significant.

2008 final disbursements were budgeted at \$155,165 in the General Fund while actual disbursements were \$116,738. Although receipts failed to live up to expectations, appropriations were not reduced. The village kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

2007 final disbursements were budgeted at \$169,860 in the General Fund while actual disbursements were \$125,823.

Debt Administration

Debt

At December 31, 2008, the village's outstanding debt included \$888,797 in general obligation bonds issued for improvements to our water system and \$20,143 in loans for vehicles. For further information regarding the Village's debt, refer to Notes 10 and 11 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on property taxes and have very little industry to support the tax base. The Village monitors the finances and if warranted will reduce spending in all departments.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Danene Hutkay, Clerk-Treasurer, Village of Dillonvale, P.O. Box 546, Dillonvale, Ohio 43917.

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Net Assets - Modified Cash Basis
 December 31, 2008

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$84,033	\$59,919	\$143,952
Investments	1,913	215,137	217,050
<i>Total Assets</i>	<u>85,946</u>	<u>275,056</u>	<u>361,002</u>
Net Assets			
Restricted for:			
Other Purposes	47,646		47,646
Unrestricted	38,300	275,056	313,356
<i>Total Net Assets</i>	<u>\$85,946</u>	<u>\$275,056</u>	<u>\$361,002</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Security of Persons and Property	\$52,250			(\$52,250)		(\$52,250)
Public Health Services	15,256			(15,256)		(15,256)
Leisure Time Activities	12,977	\$2,331		(10,646)		(10,646)
Community Environment	3,994			(3,994)		(3,994)
Basic Utility Services		701		701		701
Transportation	38,214		\$37,182	(1,032)		(1,032)
General Government	50,096	10,745		(39,351)		(39,351)
Capital Outlay	100,000			(100,000)		(100,000)
Debt Service:						
Principal	3,817			(3,817)		(3,817)
Interest	248			(248)		(248)
Total Governmental Activities	276,852	13,777	37,182	(225,893)		(225,893)
Business Type Activities						
Water Operating	111,727	148,265			\$36,538	36,538
USDA LOAN Enterprise Debt Service	48,862				(48,862)	(48,862)
ISSUE II Enterprise Debt Service	1,264				(1,264)	(1,264)
Enterprise Garbage Debt Service Fund		4,136			4,136	4,136
SECURITY DEPOSITS Enterprise Fund	1,463	1,350			(113)	(113)
Sanitation Enterprise Fund	59,035	64,256			5,221	5,221
Total Business Type Activities	222,351	218,007			(4,344)	(4,344)
Total Primary Government	499,203	231,784	37,182	(225,893)	(4,344)	(230,237)
General Receipts						
Property Taxes				58,016		58,016
Other Taxes				637		637
Grants and Entitlements not Restricted to Specific Programs				95,283		95,283
Sale of Bonds				50,000		50,000
Sale of Notes					17,412	17,412
Sale of Fixed Assets					2,160	2,160
Cable Franchise Fee				5,693		5,693
Earnings on Investments				6,488	231	6,719
Miscellaneous				1,700	50	1,750
Total General Receipts				217,817	19,853	237,670
Transfers				(5,847)	5,847	0
Total General Receipts, Special & Extraordinary Items, Transfers				211,970	25,700	237,670
Change in Net Assets				(13,923)	21,356	7,433
Net Assets Beginning of Year				99,869	253,700	353,569
Net Assets End of Year				\$85,946	\$275,056	\$361,002

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	GENERAL	STREET CONST. MAINT.REP.	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Equity in Pooled Cash and Cash Equivalents	\$36,387	\$25,247	\$22,399	\$84,033
Investments	1,913			1,913
<i>Total Assets</i>	<u>38,300</u>	<u>25,247</u>	<u>22,399</u>	<u>85,946</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	94			94
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	38,206			38,206
Special Revenue Funds		25,247	22,399	47,646
<i>Total Fund Balances</i>	<u>\$38,300</u>	<u>\$25,247</u>	<u>\$22,399</u>	<u>\$85,946</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	GENERAL	STREET CONST. MAINT.REP.	CAPITAL PROJECT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$41,615			\$17,038	\$58,653
Intergovernmental	41,019	\$28,385	\$50,000	13,061	132,465
Special Assessments	38				38
Charges for Services	3,032				3,032
Fines, Licenses and Permits	15,435			965	16,400
Earnings on Investments	6,282	142		64	6,488
Miscellaneous	1,643			57	1,700
Total Receipts	109,064	28,527	50,000	31,185	218,776
Disbursements					
Current:					
Security of Persons and Property	42,641			9,609	52,250
Public Health Services	1,000			14,256	15,256
Leisure Time Activities	12,977				12,977
Community Environment				3,994	3,994
Transportation	3,802	27,036		7,376	38,214
General Government	50,096				50,096
Capital Outlay			100,000		100,000
Debt Service:					
Principal Retirement	210			3,607	3,817
Interest and Fiscal Charges	71			177	248
Total Disbursements	110,797	27,036	100,000	39,019	276,852
Excess of Receipts Over (Under) Disbursements	(1,733)	1,491	(50,000)	(7,834)	(58,076)
Other Financing Sources (Uses)					
Sale of Bonds			50,000		50,000
Transfers Out	(5,847)				(5,847)
Total Other Financing Sources (Uses)	(5,847)		\$50,000		44,153
Net Change in Fund Balances	(7,580)	1,491		(7,834)	(13,923)
Fund Balances Beginning of Year	45,880	23,756		30,233	99,869
Fund Balances End of Year	\$38,300	\$25,247		\$22,399	\$85,946

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$51,015	\$41,616	\$41,616	\$0
Intergovernmental	33,500	39,616	41,018	1,402
Special Assessments	0	39	39	0
Charges for Services	2,700	2,890	3,032	142
Fines, Licenses and Permits	11,000	15,435	15,435	0
Earnings on Investments	6,700	6,197	6,281	84
Miscellaneous	0	1,643	1,643	0
<i>Total receipts</i>	104,915	107,436	109,064	1,628
Disbursements				
Current:				
Security of Persons and Property	38,341	45,009	42,641	2,368
Public Health Services	1,000	1,000	1,000	0
Leisure Time Activities	11,561	14,441	12,976	1,465
Transportation	8,500	8,725	3,802	4,923
General Government	54,242	54,617	50,191	4,426
Debt Service:				
Principal Retirement	119	210	210	
Interest and Fiscal Charges	92	92	71	21
<i>Total Disbursements</i>	113,855	124,094	110,891	13,203
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,940)	(16,658)	(1,827)	14,831
Other Financing Sources (Uses)				
Transfers Out	(10,000)	(10,000)	(5,847)	4,153
Other Financing Uses	(26,940)	(21,071)	0	21,071
<i>Total Other Financing Sources (Uses)</i>	(36,940)	(31,071)	(5,847)	25,224
<i>Net Change in Fund Balance</i>	(45,880)	(47,729)	(7,674)	40,055
<i>Fund Balance Beginning of Year</i>	45,500	45,500	45,500	0
Prior Year Encumbrances Appropriated	380	380	380	0
<i>Fund Balance End of Year</i>	\$0	(\$1,849)	\$38,206	\$40,055

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Street Construction and Maintenance Fund
 For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$28,919	\$26,854	\$28,385	\$1,531
Earnings on Investments		124	142	18
<i>Total receipts</i>	<u>28,919</u>	<u>26,978</u>	<u>28,527</u>	<u>1,549</u>
Disbursements				
Current:				
Transportation	52,674	50,733	27,036	23,697
<i>Total Disbursements</i>	<u>52,674</u>	<u>50,733</u>	<u>27,036</u>	<u>23,697</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,755)</u>	<u>(23,755)</u>	<u>1,491</u>	<u>25,246</u>
<i>Net Change in Fund Balance</i>	<u>(23,755)</u>	<u>(23,755)</u>	<u>1,491</u>	<u>25,246</u>
<i>Fund Balance Beginning of Year</i>	23,756	23,756	23,756	
<i>Fund Balance End of Year</i>	<u>\$1</u>	<u>\$1</u>	<u>\$25,247</u>	<u>\$25,246</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2008

	WATER OPERATING	USDA LOAN ENTERPRISE	USDA RESERVE ENTERPRISE	GARBAGE ENTERPRISE FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$11,458			\$39,966	\$8,495	\$59,919
Investments	164,043	2,638	39,211	9,245		215,137
Total Assets	<u>175,501</u>	<u>2,638</u>	<u>39,211</u>	<u>49,211</u>	<u>8,495</u>	<u>275,056</u>
Net Assets						
Restricted for:						
Unrestricted	175,501	2,638	39,211	49,211	8,495	275,056
Total Net Assets	<u>\$175,501</u>	<u>\$2,638</u>	<u>\$39,211</u>	<u>\$49,211</u>	<u>\$8,495</u>	<u>\$275,056</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2008*

	WATER OPERATING TOTAL	USDA LOAN ENTERPRISE TOTAL	USDA RESERVE ENTERPRISE TOTAL	GARBAGE ENTERPRISE FUND TOTAL	OTHER ENTERPRISE FUNDS TOTAL	TOTAL ENTERPRISE FUNDS
Operating Receipts						
Charges for Services	\$147,734			\$63,558	\$5,486	\$216,778
<i>Total Operating Receipts</i>	<u>147,734</u>			<u>63,558</u>	<u>5,486</u>	<u>216,778</u>
Operating Disbursements						
Personal Services	53,621			21,958		75,579
Employee Fringe Benefits	8,833			3,658		12,491
Contractual Services	1,910			26		1,936
Supplies and Materials	26,754			26,780		53,534
Other	0			4,094	1,464	5,558
<i>Total Operating Disbursements</i>	<u>91,118</u>			<u>56,516</u>	<u>1,464</u>	<u>149,098</u>
<i>Operating Income (Loss)</i>	<u>56,616</u>			<u>7,042</u>	<u>4,022</u>	<u>67,680</u>
Non-Operating Receipts (Disbursements)						
Special Assessments	530			698		1,228
Earnings on Investments	0			231		231
Sale of Notes	17,412					17,412
Sale of Fixed Assets	0			2,160		2,160
Miscellaneous Receipts	0				50	50
Capital Outlay	(17,432)	(\$11,400)				(28,832)
Principal Payments	(2,802)	(37,462)		(2,439)		(42,703)
Interest and Fiscal Charges	(372)			(81)	(1,264)	(1,717)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,664)</u>	<u>(48,862)</u>		<u>569</u>	<u>(1,214)</u>	<u>(52,171)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>53,952</u>	<u>(48,862)</u>		<u>7,611</u>	<u>2,808</u>	<u>15,509</u>
Transfers In	5,847	48,960	\$4,896		1,264	60,967
Transfers Out	(55,120)					(55,120)
<i>Change in Net Assets</i>	4,679	98	4,896	7,611	4,072	21,356
<i>Net Assets Beginning of Year</i>	<u>170,822</u>	<u>2,540</u>	<u>34,315</u>	<u>41,600</u>	<u>4,423</u>	<u>253,700</u>
<i>Net Assets End of Year</i>	<u>\$175,501</u>	<u>\$2,638</u>	<u>\$39,211</u>	<u>\$49,211</u>	<u>\$8,495</u>	<u>\$275,056</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2008

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$270
<i>Total Assets</i>	<u>270</u>
Net Assets	
Restricted for:	
Other Purposes	<u>270</u>
<i>Total Net Assets</i>	<u>\$270</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Net Assets - Modified Cash Basis
 December 31, 2007

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$97,998	\$49,636	\$147,634
Investments	1,871	204,064	205,935
<i>Total Assets</i>	<u>99,869</u>	<u>253,700</u>	<u>353,569</u>
Net Assets			
Restricted for:			
Other Purposes	53,989		53,989
Unrestricted	45,880	253,700	299,580
<i>Total Net Assets</i>	<u>\$99,869</u>	<u>\$253,700</u>	<u>\$353,569</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Security of Persons and Property	\$48,276				(\$48,276)		(\$48,276)
Public Health Services	15,565				(15,565)		(15,565)
Leisure Time Activities	15,857	2,989			(12,868)		(12,868)
Community Environment	7,155				(7,155)		(7,155)
Basic Utility Services		701			701		701
Transportation	51,439		38,452	\$56,869	43,882		43,882
General Government	53,048	5,063			(47,985)		(47,985)
Capital Outlay	56,869				(56,869)		(56,869)
Debt Service:							
Principal	4,819				(4,819)		(4,819)
Interest	543				(543)		(543)
Total Governmental Activities	253,571	8,753	38,452	56,869	(149,497)		(149,497)
Business Type Activities							
Water Operating	104,395	147,873	316			43,794	43,794
USDA LOAN Enterprise Debt Service	48,958				(48,958)		(48,958)
ISSUE II Enterprise Debt Service	1,263				(1,263)		(1,263)
SECURITY DEPOSITS Enterprise Fund	2,253	1,989			(264)		(264)
Sanitation Enterprise Fund	56,724	66,925	739			10,940	10,940
Total Business Type Activities	213,593	216,787	1,055			4,249	4,249
Total Primary Government	467,164	225,540	39,507	56,869	(149,497)	4,249	(145,248)
General Receipts							
Property Taxes					60,325		60,325
Other Taxes					750		750
Grants and Entitlements not Restricted to Specific Programs					56,953		56,953
Cable Franchise Fee					5,583		5,583
Earnings on Investments					8,027	404	8,431
Miscellaneous					796	362	1,158
Total General Receipts					132,434	766	133,200
Transfers					(10,210)	10,210	
Total General Receipts, Special & Extraordinary Items, Transfers and Advances					122,224	10,976	133,200
Change in Net Assets					(27,273)	15,225	(12,048)
Net Assets Beginning of Year					127,142	238,475	365,617
Net Assets End of Year					\$99,869	\$253,700	\$353,569

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	GENERAL	STREET CONST. MAINT.REP.	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Equity in Pooled Cash and Cash Equivalents	\$44,009	\$23,756	\$30,233	\$97,998
Investments	1,871			1,871
<i>Total Assets</i>	<u>45,880</u>	<u>23,756</u>	<u>30,233</u>	<u>99,869</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	380		180	560
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	45,500			45,500
Special Revenue Funds		23,756	30,053	53,809
<i>Total Fund Balances</i>	<u>\$45,880</u>	<u>\$23,756</u>	<u>\$30,233</u>	<u>\$99,869</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	GENERAL	STREET CONST. MAINT.REP.	CAPITAL PROJECT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$43,383			\$17,692	\$61,075
Intergovernmental	48,571	\$30,659	\$56,869	16,175	152,274
Charges for Services	3,690				3,690
Fines, Licenses and Permits	10,361			285	10,646
Earnings on Investments	7,922	69		36	8,027
Miscellaneous	396			400	796
Total Receipts	114,323	30,728	56,869	34,588	236,508
Disbursements					
Current:					
Security of Persons and Property	40,506			7,770	48,276
Public Health Services	1,000			14,565	15,565
Leisure Time Activities	15,857				15,857
Community Environment				7,155	7,155
Transportation	2,328	33,848		15,263	51,439
General Government	53,048				53,048
Capital Outlay			56,869		56,869
Debt Service:					
Principal Retirement	1,397			3,422	4,819
Interest and Fiscal Charges	181			362	543
Total Disbursements	114,317	33,848	\$56,869	48,537	253,571
Excess of Receipts Over (Under) Disbursements	6	(3,120)		(13,949)	(17,063)
Other Financing Sources (Uses)					
Transfers In		62		854	916
Transfers Out	(11,126)				(11,126)
Total Other Financing Sources (Uses)	(11,126)	62		854	(10,210)
Net Change in Fund Balances	(11,120)	(3,058)		(13,095)	(27,273)
Fund Balances Beginning of Year	57,000	26,814		43,328	127,142
Fund Balances End of Year	<u>\$45,880</u>	<u>\$23,756</u>		<u>\$30,233</u>	<u>\$99,869</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$50,789	\$43,383	\$43,383	\$0
Intergovernmental	25,365	47,061	48,571	1,510
Charges for Services	200	3,484	3,690	206
Fines, Licenses and Permits	9,400	10,361	10,361	0
Earnings on Investments	5,000	7,768	7,922	154
Miscellaneous		390	396	6
<i>Total receipts</i>	90,754	112,447	114,323	1,876
Disbursements				
Current:				
Security of Persons and Property	39,334	42,148	40,506	1,642
Public Health Services	1,000	1,000	1,000	0
Leisure Time Activities	14,158	18,830	15,857	2,973
Transportation	6,000	6,000	2,328	3,672
General Government	79,806	74,099	53,428	20,671
Capital Outlay				0
Debt Service:				
Principal Retirement	1,397	1,397	1,397	0
Interest and Fiscal Charges	181	181	181	0
<i>Total Disbursements</i>	141,876	143,655	114,697	28,958
<i>Excess of Receipts Over (Under) Disbursements</i>	(51,122)	(31,208)	(374)	30,834
Other Financing Sources (Uses)				
Transfers Out	(5,400)	(15,121)	(11,126)	3,995
Other Financing Uses	(170)	(11,084)		11,084
<i>Total Other Financing Sources (Uses)</i>	(5,570)	(26,205)	(11,126)	15,079
<i>Net Change in Fund Balance</i>	(56,692)	(57,413)	(11,500)	45,913
<i>Fund Balance Beginning of Year</i>	55,398	55,398	55,398	0
<i>Prior Year Encumbrances Appropriated</i>	1,602	1,602	1,602	0
<i>Fund Balance End of Year</i>	\$308	(\$413)	\$45,500	\$45,913

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Street Construction and Maintenance Fund
 For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$17,000	\$28,276	\$30,659	\$2,383
Earnings on Investments		55	69	14
<i>Total receipts</i>	17,000	28,331	30,728	2,397
Disbursements				
Current:				
Transportation	43,698	55,091	33,848	21,243
<i>Total Disbursements</i>	43,698	55,091	33,848	21,243
<i>Excess of Receipts Over (Under) Disbursements</i>	(26,698)	(26,760)	(3,120)	23,640
Other Financing Sources (Uses)				
Transfers In	0	62	62	0
<i>Total Other Financing Sources (Uses)</i>	0	62	62	0
<i>Net Change in Fund Balance</i>	(26,698)	(26,698)	(3,058)	23,640
<i>Fund Balance Beginning of Year</i>	26,595	26,595	26,595	0
Prior Year Encumbrances Appropriated	219	219	219	0
<i>Fund Balance End of Year</i>	\$116	\$116	\$23,756	\$23,640

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2007

	WATER OPERATING	USDA LOAN ENTERPRISE	USDA RESERVE ENTERPRISE	GARBAGE ENTERPRISE FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$12,627			\$32,586	\$4,423	\$49,636
Investments	158,195	2,540	34,315	9,014		204,064
Total Assets	<u>170,822</u>	<u>2,540</u>	<u>34,315</u>	<u>41,600</u>	<u>4,423</u>	<u>253,700</u>
Net Assets						
Restricted for:						
Unrestricted	170,822	2,540	34,315	41,600	4,423	253,700
Total Net Assets	<u>\$170,822</u>	<u>\$2,540</u>	<u>\$34,315</u>	<u>\$41,600</u>	<u>\$4,423</u>	<u>\$253,700</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2007*

	WATER OPERATING TOTAL	USDA LOAN ENTERPRISE TOTAL	USDA RESERVE ENTERPRISE TOTAL	GARBAGE ENTERPRISE FUND TOTAL	OTHER ENTERPRISE FUNDS TOTAL	TOTAL ENTERPRISE FUNDS
Operating Receipts						
Charges for Services	\$147,681			\$66,925	\$1,989	\$216,595
<i>Total Operating Receipts</i>	<u>147,681</u>			<u>66,925</u>	<u>1,989</u>	<u>216,595</u>
Operating Disbursements						
Personal Services	53,007			21,374		74,381
Employee Fringe Benefits	9,432			3,331		12,763
Contractual Services	6,341			1,470		7,811
Supplies and Materials	34,353			28,029		62,382
Other				0	2,253	2,253
<i>Total Operating Disbursements</i>	<u>103,133</u>			<u>54,204</u>	<u>2,253</u>	<u>159,590</u>
<i>Operating Income (Loss)</i>	<u>44,548</u>			<u>12,721</u>	<u>(264)</u>	<u>57,005</u>
Non-Operating Receipts (Disbursements)						
Intergovernmental	316					316
Special Assessments	192			739		931
Earnings on Investments				404		404
Miscellaneous Receipts	362					362
Principal Payments	(1,157)	(\$11,000)		(2,337)		(14,494)
Interest and Fiscal Charges	(105)	(37,958)		(183)	(1,263)	(39,509)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(392)</u>	<u>(48,958)</u>		<u>(1,377)</u>	<u>(1,263)</u>	<u>(51,990)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>44,156</u>	<u>(48,958)</u>		<u>11,344</u>	<u>(1,527)</u>	<u>5,015</u>
Transfers In	10,171	48,948	\$4,909	39	1,264	65,331
Transfers Out	(55,121)					(55,121)
<i>Change in Net Assets</i>	<u>(794)</u>	<u>(10)</u>	<u>4,909</u>	<u>11,383</u>	<u>(263)</u>	<u>15,225</u>
<i>Net Assets Beginning of Year</i>	<u>171,616</u>	<u>2,550</u>	<u>29,406</u>	<u>30,217</u>	<u>4,686</u>	<u>238,475</u>
<i>Net Assets End of Year</i>	<u>\$170,822</u>	<u>\$2,540</u>	<u>\$34,315</u>	<u>\$41,600</u>	<u>\$4,423</u>	<u>\$253,700</u>

See accompanying notes to the basic financial statements

VILLAGE OF DILLONVALE, JEFFERSON COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$170
<i>Total Assets</i>	<u>170</u>
Net Assets	
Restricted for:	
Other Purposes	<u>170</u>
<i>Total Net Assets</i>	<u>\$170</u>

See accompanying notes to the basic financial statements

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

Note 1 – Reporting Entity

The Village of Dillonvale, Jefferson County, Ohio, 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, and votes only to break a tie.

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

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sanitation utilities, and maintenance of Village roads, park operations, and police services. The Village contracts with the Dillonvale Volunteer Fire Department and Dillonvale Emergency Medical Services to receive fire protection and emergency services.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

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

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

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has three major governmental funds, The General Fund, Street Construction Maintenance & Repair Fund and Capital Project Fund.

General Fund: The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Construction Maintenance and Repair Fund: This fund is financed primarily from gas and motor vehicle taxes. The Street Construction Maintenance and Repair Fund revenue is primarily used for the maintenance and repair of streets and street related expenses such as curbs and storm drains.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Fund, the USDA Loan Fund, the USDA Reserve Fund and the Sanitation Fund.

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

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.

USDA Reserve Fund – This fund is required by the USDA to be maintained by putting 10% of the annual USDA Loan payment amount into a reserve fund to be used for the maintenance and repair of the water lines replaced during the water line replacement project.

Sanitation Fund - The sanitation fund accounts for the provision of sanitary services to the residents and commercial users within the Village.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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's agency funds account for all monies received and disbursed through the Mayor's Court and unclaimed monies.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

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

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2008, the Village invested in nonnegotiable certificates of deposit, money market funds, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost. The Village's money market fund investment is recorded at the amount reported by Ameribank/Citizens Bank and A.G. Edwards at December 31, 2008.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General, Street Construction Maintenance and Repair, Motor Vehicle License, FEMA#1556, Sanitation and Water Funds during 2008 were \$6,719.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent various miscellaneous items.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for special revenue fund balances.

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

M. Fund Balance Reserves

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

N. Interfund Transactions

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and the Street Construction Maintenance and Repair Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$380.00 and \$94.26 for the General Fund in 2007 and 2008, respectively. There were no outstanding advances at year end.

Note 4 – Deposits and Investments

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

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 4 – Deposits and Investments (Continued)

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

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

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

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

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 4 – Deposits and Investments - (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. Under coverage of the FDIC, public funds are insured to \$250,000 per depositor as of December 31, 2008 with The Citizens Bank. All Village funds were covered by FDIC.

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

Investments

As of December 31, 2008, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of Deposit	\$ 86,000	1/27/2009
Certificate of Deposit	54,000	2/27/2009
Money Market Fund	47,840	
Star Ohio	29,210	
Total Investments	<u>\$ 217,050</u>	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investments address interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Money Market Fund carries a rating of A+ by Standard & Poor's and Star Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that Star Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

"Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2008, was \$18.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential	\$ 4,626,790
Real Others	809,230
Personal Property	68,297
Public Utility Real	5,240
Public Utility Equipment	526,140
Total Assessed Value	<u>\$ 6,035,697</u>

Note 6 – Risk Management

Commercial Insurance

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village has obtained commercial insurance for the following risks:

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 6 – Risk Management (Continued)

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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. The system administers and pays all claims.

Note 7– Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year).

Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

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

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

In order to qualify for post-employment health care coverage, age-and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 7– Defined Benefit Pension Plans (Continued)

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.50 percent and in 2008 10 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2007 was 13.77 percent and in 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, and 2008 were \$19,139.94, and \$19,742.01. The full amount has been contributed for 2007 and 2008.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.77 percent of covered payroll, 6 percent of covered payroll was the portion that was used to fund health care. The 2008 local government employer contribution rate was 14.0 percent of covered payroll, 7 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 4 percent annually for the next seven years and 4 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans for 2008 and 2007 were 363,503 and 364,076 respectively. The actual employer contributions for 2008 which were used to fund postemployment benefits were \$19,742.01. The actual value of OPERS's net assets available for payment of benefits at December 31, 2007 (the latest information available) was 12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were 29.8 billion and \$17.0 billion, respectively.

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 9- Notes Payable

A summary of the note transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
Governmental Activities	4.25 – 4.75%	\$ 6,044		\$ 3,817	\$ 2,227
Business Activities	3.75 – 4.75%	5,745	\$17,412	\$ 5,241	17,916
Total		<u>\$ 11,789</u>	<u>\$17,412</u>	<u>\$9,058</u>	<u>\$20,143</u>

Government Activities Include:

The truck note was for the purchase of a new water truck. The loan is collateralized by the equipment purchased.

The dump truck note was for the purchase of a new dump truck. The loan is collateralized by the equipment purchased. This equipment as purchased is to be used for governmental and business type activities. Therefore, the activity for this loan is presented 50% in Governmental Type Activities and 50% in Business Type Activities.

Business Activities Include:

The dump truck note was for the purchase of a new dump truck. The loan is collateralized by the equipment purchased. This equipment as purchased is to be used for governmental and business type activities. Therefore, the activity for this loan is presented 50% in Governmental Type Activities and 50% in Business Type Activities.

The F-150 pick-up truck note was for the purchase of a new truck. The loan is collateralized by the equipment purchased

Note 10 – Debt

Year	Dump Truck		Pick Up Truck	
	Principal	Interest	Principal	Interest
2009	\$4,326	\$59	\$3,010	\$547
2010			3,403	422
2011			3,533	292
2012			3,667	158
2013			2,204	28
Totals	<u>\$4,326</u>	<u>\$59</u>	<u>\$15,817</u>	<u>\$1,447</u>

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 10 – Debt (Continued)

The Village's long-term debt activity for the year ended December 31, 2008:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Business-type Activities</u>						
2002 OWDA Loan (\$25,281)	0.00%	\$18,961		\$1,264	\$17,697	\$1,264
2000 USDA Rural Development Permanent Mortgage Revenue Bonds (900,000)	4.50%	\$832,500		\$11,400	\$821,100	\$12,000
2008 Garbage Pacer Note (\$50,000)			50,000		50,000	4,100
Total Business-type Activities		<u>\$ 851,461</u>	<u>\$ 50,000</u>	<u>\$ 12,664</u>	<u>\$888,797</u>	<u>\$17,364</u>

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

The 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, 33 years with user charges. The Water Mortgage Revenue Bond Covenant requires the Village to establish and fund a reserve fund, included as an enterprise dept service fund. The balance in the fund at December 31, 2008 is \$44,571.58. The Village has agreed to set water rates sufficient to cover the revenue bond debt service requirements.

The 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 following is a summary of the Village's future annual debt service requirements:

Year	OWPC Loan		USDA Bonds		Packer Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 633	\$	\$ 12,000	\$36,950	\$ 4,100	\$ 2,062
2010	1,264		12,400	36,409	4,400	1,893
2011	1,264		13,100	35,852	4,400	1,711
2012	1,264		13,600	35,262	4,700	1,530
2013	1,264		14,300	34,650	4,900	1,336
2014-2018	6,320		81,500	163,018	27,500	3,496
2019-2023	5,688		101,600	142,948		
2024-2028			126,600	117,941		
2029-2033			157,800	86,770		
2034-2038			196,600	47,931		
2039-2040			91,600	6,228		
Totals	<u>\$17,697</u>	<u>\$</u>	<u>\$821,100</u>	<u>\$743,959</u>	<u>\$ 50,000</u>	<u>\$ 12,028</u>

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)

Note 10 – Debt (Continued)

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$628,606 and an unvoted debt margin of \$329,270.

Note 11 – Interfund Transfers

During 2008 the following transfers were made:

Transfers from the General Fund to:	
Major Enterprise Fund – Water Operating	<u>\$5,847</u>
Total Transfers from the General Fund	<u><u>\$5,847</u></u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interest earned on the Water Enterprise's money market accounts, Star Ohio and CD's shall be transferred from the village's General Fund to the Water Enterprise Fund as this represents their interest.



Mary Taylor, CPA

Auditor of State

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

Village of Dillonvale
Jefferson County
Po Box 546
Dillonvale, Ohio 43917

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dillonvale, Jefferson County, (the Village) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 2, 2009, wherein we noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Government's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses as defined above.

Village of Dillonvale
Jefferson County
Independents Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

We did note certain internal control matters that we reported to the Village's management in a separate letter dated September 2, 2009.

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, providing an opinion 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*.

We intend this report solely for the information and use of management and Village Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 2, 2009

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	5705.41 (D)	Yes	



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 5, 2009