



**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**



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Columbus, Ohio 43215
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Village Council
Village of Dillonvale
P.O. Box 546
Dillonvale, Ohio 43917

We have reviewed the *Independent Auditor's Report* of the Village of Dillonvale, Jefferson County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding For Recovery 1

Ohio Rev. Code § 117.24 requires the Auditor of State to determine whether "public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . ." Those determinations in an audit report constitute "findings for recovery." Ohio Rev. Code § 9.24(H)(3).

During Mike Skatula's employment from August 2021 through December 2022, he was paid for sick leave he was not entitled to and therefore carried a negative balance when recalculated by the Independent Public Accountant (IPA). The IPA determined he was paid for 19.50 hours more leave than he was entitled to, which equates to \$247.64 more in gross wages than allowed, including employer OPERS and employer Medicare contributions.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010). For conduct occurring after September 13, 2022, Ohio Rev. Code 733.82, makes a village fiscal officer liable for a loss of public funds when a loss of public funds results from the fiscal officer's negligence or other wrongful act.

As the Village Fiscal Officer, Beth Petrosino was responsible for tracking leave hours and not paying out more hours than were earned. Paying out more leave than earned could have been avoided by tracking hours accurately.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Mike Skatula in the total amount of \$247.64 and against Beth Petrosino and the Villages' Public Dishonesty Policy Company, Public Entities Pool of Ohio, jointly and severally, and in favor of the Village of Dillonvale's Water Operating Fund 5101.

Village Council
Village of Dillonvale
P.O. Box 546
Dillonvale, Ohio 43917
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Finding For Recovery 2

Ohio Rev. Code § 117.24 requires the Auditor of State to determine whether “public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . . .” Those determinations in an audit report constitute “findings for recovery.” Ohio Rev. Code § 9.24(H)(3).

During Nathan Kovach’s employment from September 2020 through December 2021, he was paid for sick leave he was not entitled to and therefore carried a negative balance when recalculated by the Independent Public Accountant (IPA). The IPA determined he was paid for 129.05 hours more leave than he was entitled to, which equates to \$1,489.92 more in gross wages than allowed, including employer OPERS and employer Medicare contributions.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

As the Village Fiscal Officer, Zachary Thomas, was responsible for tracking leave hours and not paying out more hours than were earned. Paying out more leave than earned could have been avoided by tracking hours accurately.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Nathan Kovach in the total amount of \$1,489.92 and against fiscal officer Zachary Thomas, and the Villages’ Public Dishonesty Policy Company, Public Entities Pool of Ohio, jointly and severally, and in favor of the Village of Dillonvale’s Street Construction Maintenance and Repair Fund 2011.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Dillonvale is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

July 10, 2025

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Dillonvale, Jefferson County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

March 7, 2025

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | General | Special Revenue | Capital Projects | Combined Total |
|---|-------------------|-------------------|------------------|-------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 77,476 | \$ 45,020 | \$ - | \$ 122,496 |
| Intergovernmental | 35,047 | 88,250 | - | 123,297 |
| Charges for Services | 1,797 | 400 | - | 2,197 |
| Fines, Licenses and Permits | 11,467 | 321 | - | 11,788 |
| Earnings on Investments | 1,024 | - | - | 1,024 |
| Miscellaneous | 373,537 | 361 | - | 373,898 |
| <i>Total Cash Receipts</i> | <i>500,348</i> | <i>134,352</i> | <i>-</i> | <i>634,700</i> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 37,955 | 28,775 | - | 66,730 |
| Public Health Services | - | 35,984 | - | 35,984 |
| Leisure Time Activities | 8,958 | - | - | 8,958 |
| Transportation | 939 | 55,634 | - | 56,573 |
| General Government | 148,125 | 34,220 | - | 182,345 |
| Capital Outlay | 483,516 | - | - | 483,516 |
| Debt Service: | | | | |
| Principal Retirement | 110,841 | - | - | 110,841 |
| Interest and Fiscal Charges | 1,812 | - | - | 1,812 |
| <i>Total Cash Disbursements</i> | <i>792,146</i> | <i>154,613</i> | <i>-</i> | <i>946,759</i> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>(291,798)</i> | <i>(20,261)</i> | <i>-</i> | <i>(312,059)</i> |
| Other Financing Receipts (Disbursements) | | | | |
| Loans Issued | 110,841 | - | - | 110,841 |
| Sale of Capital Assets | - | 297 | - | 297 |
| Transfers In | - | 20,000 | - | 20,000 |
| Transfers Out | (20,000) | - | - | (20,000) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <i>90,841</i> | <i>20,297</i> | <i>-</i> | <i>111,138</i> |
| <i>Net Change in Fund Cash Balances</i> | <i>(200,957)</i> | <i>36</i> | <i>-</i> | <i>(200,921)</i> |
| <i>Fund Cash Balances, January 1</i> | <i>400,915</i> | <i>225,627</i> | <i>453</i> | <i>626,995</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$ 199,958</i> | <i>\$ 225,663</i> | <i>\$ 453</i> | <i>\$ 426,074</i> |

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | Proprietary Fund Type |
|---|--------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | <u>\$ 233,003</u> |
| <i>Total Operating Cash Receipts</i> | <u>233,003</u> |
| Operating Cash Disbursements | |
| Personal Services | 94,957 |
| Fringe Benefits | 15,755 |
| Contractual Services | 12,983 |
| Supplies and Materials | <u>100,421</u> |
| <i>Total Operating Cash Disbursements</i> | <u>224,116</u> |
| <i>Operating Income (Loss)</i> | <u>8,887</u> |
| Non-Operating Receipts (Disbursements) | |
| Special Assessments | 823 |
| Earnings on Investments (proprietary funds only) | 170 |
| Miscellaneous Receipts | 7,920 |
| Capital Outlay | (13,982) |
| Principal Retirement | (27,196) |
| Interest and Other Fiscal Charges | <u>(28,220)</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(60,485)</u> |
| <i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i> | <u>(51,598)</u> |
| Transfers In | 194,240 |
| Transfers Out | <u>(194,240)</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(51,598)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>197,659</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 146,061</u> |

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | Fiduciary Fund Type |
|--|------------------------|
| | <u>Custodial</u> |
| | <u>Other</u> |
| | <u>Custodial</u> |
| Additions | |
| <i>Total Additions</i> | <u>\$</u> <u>-</u> |
| Deductions | |
| Distributions to Other Funds (Primary Gov't) | 1,841 |
| Other Distributions | <u>10</u> |
| <i>Total Deductions</i> | <u>1,851</u> |
| Net Change in Fund Balances | (1,851) |
| <i>Fund Cash Balances, January 1</i> | <u>1,851</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$</u> <u>-</u> |

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Dillonvale (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six member Council directs the Village. The Village provides water, sewer, sanitation utilities, police services, street maintenance, and general governmental services. The Village contracts with the Dillonvale Volunteer Fire Department to receive fire protection services.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (The Pool) a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction, Maintenance and Repair Fund – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance and repair of streets within the Village.

State Highway Fund – The State Highway Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance and repair of the state highway within the Village. This includes Traffic Light Repair and painting of pedestrian walking lines.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

American Rescue Plan Act Fund – The American rescue plan act fund accounts for the grant received from the United States American Rescue Plan Act Funding.

Police Levy Funds - These funds accounts for the provision of police protection to the residents. Proceeds from the tax levies and charges for services to pay for supplies and material for the police department..

DEMS/DVFD Levy Fund - This fund accounts for the provision of fire and ems services to the residents. Proceeds from a tax levy are forwarded to the departments.

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

Other Capital Projects – The other capital projects fund accounts was not utilized in 2022.

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

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

Sanitation Fund – The sanitation fund accounts for the collection of garbage to the residents and commercial users located within the Village.

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

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

Basis of Accounting

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

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

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

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2022 since an approved appropriations resolution was not filed with the County Budget Commission. Also contrary to Ohio law, an approved certificate of estimated resources was not filed with the County Budget Commission.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|-------------------|---------------------|---------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ - | \$ 611,189 | \$ 611,189 |
| Special Revenue | - | 154,649 | 154,649 |
| Enterprise | - | 436,156 | 436,156 |
| Total | <u>\$ -</u> | <u>\$ 1,201,994</u> | <u>\$ 1,201,994</u> |

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|-------------------------|------------------------|-----------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 17,613 | \$ 825,870 | \$ (808,257) |
| Special Revenue | 5,915 | 155,950 | (150,035) |
| Enterprise | 41,242 | 490,796 | (449,554) |
| Total | <u>\$ 64,770</u> | <u>\$ 1,472,616</u> | <u>\$ (1,407,846)</u> |

Note 5 – Deposits and Investments

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

| 2022 | |
|--------------------------------|-------------------|
| Demand deposits | \$ 479,703 |
| Total deposits | <u>479,703</u> |
| Money Market | 69,190 |
| STAR Ohio | 23,242 |
| Total investments | <u>92,432</u> |
| Total deposits and investments | <u>\$ 572,135</u> |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$4,526 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Taxes

Property Taxes

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

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

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

Note 7 – Risk Management

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

Risk Pool Membership

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

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

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

2022

| | |
|-----------------------|---------------|
| Cash and investments | \$ 42,310,794 |
| Actuarial liabilities | \$ 15,724,479 |

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Social Security

One Village Council member contributes to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

One Village Council member contributed 6.2 percent of their gross salary. The Village contributed an amount equal to 6.2 percent of participants' gross salary. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|------------------|----------------------|
| USDA Dump Truck | \$17,100 | 2.38% |
| USDA Water System Mortgage - Series A | 396,500 | 4.50% |
| USDA Water System Mortgage - Series B | 198,200 | 4.50% |
| Total | \$611,800 | |

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (Continued)

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

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds were established in 2000 and payment started in 2001. Both bonds have an interest rate of 4.50% and will be repaid in annual installments over 40 years. The Bond Covenant requires the Village to establish and fund a reserve fund, included as an enterprise debt service fund. The balance in the fund at December 31, 2020 is \$11,351. The Village has agreed to set water rates sufficient to cover the revenue bond debt service requirements. This loan will be repaid from the USDA Loan Enterprise Debt Service Fund.

A commercial bank loan for roof repairs with Consumers National Bank was issued and subsequently paid off in 2022. Principal and Interest payments totaled \$110,841 and \$1,811, respectively and were paid from the General Fund.

Amortization

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

| Year Ending December 31: | USDA Dump Truck | USDA Water System Mortgage - Series A | USDA Water System Mortgage - Series B |
|-----------------------------------|-----------------------|--|--|
| 2023 | \$ 4,506 | \$ 32,643 | \$ 16,219 |
| 2024 | 4,509 | 32,576 | 16,391 |
| 2025 | 4,609 | 32,584 | 16,239 |
| 2026 | 4,504 | 32,659 | 16,280 |
| 2027 | - | 32,599 | 16,301 |
| 2028-2032 | - | 162,975 | 81,590 |
| 2033-2037 | - | 163,098 | 81,501 |
| 2038-2042 | - | 97,786 | 48,891 |
| Total | <u>\$ 18,128</u> | <u>\$ 586,920</u> | <u>\$ 293,412</u> |

Note 11 – Contingent Liabilities

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Public Entity Risk Pool

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

Note 13 – Fund Balances

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

| Fund Balances | Special | | |
|--------------------------|------------------|-----------------|------------------|
| | General | Revenue | Total |
| Outstanding Encumbrances | \$ 13,724 | \$ 1,337 | \$ 15,061 |
| <i>Total</i> | <u>\$ 13,724</u> | <u>\$ 1,337</u> | <u>\$ 15,061</u> |

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, the Village received American Rescue Plan Act funding in the amount of \$32,679. This amount is reflected as general government expenditures in the American Rescue Plan Act Special Revenue Fund on the accompanying financial statements.

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021

| | General | Special Revenue | Capital Projects | Combined Total |
|---|-------------------|-------------------|------------------|-------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 69,723 | \$ 45,544 | \$ - | \$ 115,267 |
| Intergovernmental | 33,160 | 80,846 | - | 114,006 |
| Charges for Services | 116 | 400 | - | 516 |
| Fines, Licenses and Permits | 12,458 | - | - | 12,458 |
| Earnings on Investments | 123 | - | - | 123 |
| Miscellaneous | 279,171 | - | - | 279,171 |
| <i>Total Cash Receipts</i> | <i>394,751</i> | <i>126,790</i> | <i>-</i> | <i>521,541</i> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 46,258 | 1,617 | - | 47,875 |
| Public Health Services | - | 13,428 | - | 13,428 |
| Leisure Time Activities | 12,289 | - | - | 12,289 |
| Transportation | - | 40,568 | - | 40,568 |
| General Government | 56,379 | 2,645 | - | 59,024 |
| <i>Total Cash Disbursements</i> | <i>114,926</i> | <i>58,258</i> | <i>-</i> | <i>173,184</i> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>279,825</i> | <i>68,532</i> | <i>-</i> | <i>348,357</i> |
| Other Financing Receipts (Disbursements) | | | | |
| Other Financing Uses | (2,957) | - | - | (2,957) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <i>(2,957)</i> | <i>-</i> | <i>-</i> | <i>(2,957)</i> |
| <i>Net Change in Fund Cash Balances</i> | <i>276,868</i> | <i>68,532</i> | <i>-</i> | <i>345,400</i> |
| <i>Fund Cash Balances, January 1 (Restated - See Note 15)</i> | <i>124,047</i> | <i>157,095</i> | <i>453</i> | <i>281,595</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$ 400,915</i> | <i>\$ 225,627</i> | <i>\$ 453</i> | <i>\$ 626,995</i> |

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Proprietary Fund Type |
|---|--------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | <u>\$ 242,321</u> |
| <i>Total Operating Cash Receipts</i> | <u>242,321</u> |
| Operating Cash Disbursements | |
| Personal Services | 62,261 |
| Fringe Benefits | 8,980 |
| Contractual Services | 7,189 |
| Supplies and Materials | 48,186 |
| Other | <u>446</u> |
| <i>Total Operating Cash Disbursements</i> | <u>127,062</u> |
| <i>Operating Income (Loss)</i> | <u>115,259</u> |
| Non-Operating Receipts (Disbursements) | |
| Earnings on Investments (proprietary funds only) | 8 |
| Miscellaneous Receipts | 252 |
| Capital Outlay | (42,144) |
| Principal Retirement | (25,464) |
| Interest and Other Fiscal Charges | <u>(29,225)</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(96,573)</u> |
| <i>Net Change in Fund Cash Balances</i> | 18,686 |
| <i>Fund Cash Balances, January 1 (Restated - See Note 15)</i> | <u>178,973</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 197,659</u> |

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Fiduciary Fund Type |
|---|------------------------|
| | <u>Custodial</u> |
| | <u>Other</u> |
| | <u>Custodial</u> |
| Additions | |
| Fines, Licenses and Permits for Distribution | <u>\$ 1,125</u> |
| <i>Total Additions</i> | <u>1,125</u> |
| Deductions | |
| Other Distributions | <u>24</u> |
| <i>Total Deductions</i> | <u>24</u> |
| Net Change in Fund Balances | 1,101 |
| <i>Fund Cash Balances, January 1 (Restated - See Note 15)</i> | <u>750</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 1,851</u> |

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Dillonvale (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six member Council directs the Village. The Village provides water, sewer, sanitation utilities, police services, street maintenance, and general governmental services. The Village contracts with the Dillonvale Volunteer Fire Department to receive fire protection services.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (The Pool) a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction, Maintenance and Repair Fund – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance and repair of streets within the Village.

State Highway Fund – The State Highway Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance and repair of the state highway within the Village. This includes Traffic Light Repair and painting of pedestrian walking lines.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Police Levy Funds - These funds accounts for the provision of police protection to the residents. Proceeds from the tax levies and charges for services to pay for supplies and material for the police department..

DEMS/DVFD Levy Fund - This fund accounts for the provision of fire and ems services to the residents. Proceeds from a tax levy are forwarded to the departments.

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

Other Capital Projects – The other capital projects fund accounts was not utilized in 2021.

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

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

Sanitation Fund – The sanitation fund accounts for the collection of garbage to the residents and commercial users located within the Village.

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

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

Basis of Accounting

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

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2021 since an approved appropriations resolution was not filed with the County Budget Commission.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

| 2021 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|-------------------|-------------------|-------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 149,470 | \$ 394,751 | \$ 245,281 |
| Special Revenue | 75,292 | 126,790 | 51,498 |
| Enterprise | 249,770 | 242,581 | (7,189) |
| Total | <u>\$ 474,532</u> | <u>\$ 764,122</u> | <u>\$ 289,590</u> |

| 2021 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|-------------------------|------------------------|---------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 10,123 | \$ 135,496 | \$ (125,373) |
| Special Revenue | 6,282 | 64,173 | (57,891) |
| Enterprise | 31,771 | 265,137 | (233,366) |
| Total | <u>\$ 48,176</u> | <u>\$ 464,806</u> | <u>\$ (416,630)</u> |

Note 5 – Deposits and Investments

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

| | 2021 |
|--------------------------------|-------------------|
| Demand deposits | \$ 632,496 |
| Certificates of deposit | <u>102,221</u> |
| Total deposits | <u>734,717</u> |
| Money Market | 68,937 |
| STAR Ohio | <u>22,851</u> |
| Total investments | <u>91,788</u> |
| Total deposits and investments | <u>\$ 826,505</u> |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$13,387 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Taxes

Property Taxes

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

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

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

Note 7 – Risk Management

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

Risk Pool Membership

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

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

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

2021

| | |
|-----------------------|---------------|
| Cash and investments | \$ 41,996,850 |
| Actuarial liabilities | \$ 14,974,099 |

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Social Security

One Village Council member contributes to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

One Village Council member contributed 6.2 percent of their gross salary. The Village contributed an amount equal to 6.2 percent of participants' gross salary. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|------------------|----------------------|
| USDA Dump Truck | \$21,200 | 2.38% |
| OPWC Water Tank Replacement | 1,896 | 0.00% |
| USDA Water System Mortgage - Series A | 410,600 | 4.50% |
| USDA Water System Mortgage - Series B | 205,300 | 4.50% |
| Total | \$638,996 | |

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (Continued)

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

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds were established in 2000 and payment started in 2001. Both bonds have an interest rate of 4.50% and will be repaid in annual installments over 40 years. The Bond Covenant requires the Village to establish and fund a reserve fund, included as an enterprise debt service fund. The balance in the fund at December 31, 2020 is \$11,351. The Village has agreed to set water rates sufficient to cover the revenue bond debt service requirements. This loan will be repaid from the USDA Loan Enterprise Debt Service Fund.

Amortization

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

| Year Ending December 31: | USDA Dump Truck | OPWC Water Tank Replacement | USDA Water System Mortgage - Series A | USDA Water System Mortgage - Series B |
|-----------------------------------|-----------------------|-----------------------------------|--|--|
| 2022 | \$ 4,604 | \$ 1,264 | \$ 32,577 | \$ 16,339 |
| 2023 | 4,506 | 632 | 32,643 | 16,219 |
| 2024 | 4,509 | - | 32,576 | 16,391 |
| 2025 | 4,609 | - | 32,584 | 16,239 |
| 2026 | 4,504 | - | 32,659 | 16,280 |
| 2027-2031 | - | - | 163,008 | 81,559 |
| 2032-2036 | - | - | 162,998 | 81,501 |
| 2037-2041 | - | - | 130,451 | 65,223 |
| Total | <u>\$ 22,732</u> | <u>\$ 1,896</u> | <u>\$ 619,496</u> | <u>\$ 309,751</u> |

Note 11 – Contingent Liabilities

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

Note 12 – Public Entity Risk Pool

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

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Fund Balances

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

| Fund Balances | Special | | |
|--------------------------|------------------|-----------------|------------------|
| | General | Revenue | Total |
| Outstanding Encumbrances | \$ 17,613 | \$ 5,915 | \$ 23,528 |
| <i>Total</i> | <u>\$ 17,613</u> | <u>\$ 5,915</u> | <u>\$ 23,528</u> |

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Village received American Rescue Plan Act funding in the amount of \$32,420. This amount is reflected as general government expenditures in the American Rescue Plan Act Special Revenue Fund on the accompanying financial statements.

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Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 15 – Restatement of Fund Cash Balance

The Village increased their beginning fund cash position at January 1, 2021 in the General Fund, Special Revenue Funds, and Enterprise Funds, and decreased their beginning fund cash position in the Other Custodial Fund due to a net of \$8,458 in voided Deposits in Transit, Outstanding Checks, and Outstanding EFTs from 2020 as well as (\$177) in unrecorded expenditures from prior years. The effect of the adjustment on beginning fund cash balance is reflected in the chart below.

| | 12/31/2020 | As | | |
|---------------------------------|--------------------------------|------------------------------|--------------------------|--------------------|
| | Previously Reported | Error Corrections | 1/1/2021 | As Restated |
| Governmental Funds | | | | |
| General Fund | \$ 123,341 | \$ 706 | \$ 124,047 | |
| Special Revenue Funds | 155,988 | 1,107 | 157,095 | |
| Capital Projects Funds | 453 | - | 453 | |
| Total Governmental Funds | <u>\$ 279,782</u> | <u>\$ 1,813</u> | <u>\$ 281,595</u> | |
| Proprietary Funds | | | | |
| Enterprise Funds | \$ 172,405 | \$ 6,568 | \$ 178,973 | |
| Total Proprietary Funds | <u>\$ 172,405</u> | <u>\$ 6,568</u> | <u>\$ 178,973</u> | |
| Fiduciary Funds | | | | |
| Custodial | | | | |
| Other Custodial | \$ 850 | \$ (100) | \$ 750 | |
| Total Fiduciary Funds | <u>\$ 850</u> | <u>\$ (100)</u> | <u>\$ 750</u> | |

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Dillonvale, Jefferson County, (the Village) and have issued our report thereon dated March 7, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2022-001 through 2022-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as items 2022-005 and 2022-006 to be significant deficiencies.

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Village of Dillonvale
Jefferson County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-003, 2022-004, and 2022-006 through 2022-008.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

March 7, 2025

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

Material Weakness

Financial Reporting

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

- Receipts that should have been posted to Miscellaneous were posted to Special and Extraordinary Items in the General Fund in 2021;
- Some County Auto License Tax receipts were improperly allocated between the Street Construction, Maintenance, and Repair Fund and State Highway Fund and some were mistakenly posted to the General Fund in 2022 and 2021;
- All 12 monthly Permissive Tax receipts were mistakenly posted to the General Fund instead of the Permissive Motor Vehicle License Tax Fund in 2021;
- Some Property Tax Rollback receipts were posted entirely to the General Fund instead of being allocated between the General Fund, Police Levy Funds, and DEMS/DVFD Levy Fund in 2021;
- Two Manufactured Home receipts were posted entirely to the General Fund instead of being allocated between the General Fund, Police Levy Funds, and DEMS/DVFD Levy Fund in 2021;
- Two Liquor Permit receipts were mistakenly posted to the Street Construction, Maintenance, and Repair Fund and State Highway Fund instead of the General Fund in 2021;
- Some Local Government receipts were mistakenly posted to the Street Construction, Maintenance, and Repair Fund and State Highway Fund instead of the General Fund in 2022;
- Debt payments that should have been allocated between principal and interest were posted to Supplies and Materials and Capital Outlay in the Water Operating Fund in 2021;
- Debt Proceeds and corresponding Capital Outlay were not posted for the new loan issued in the General Fund in 2022;
- Mayor's Court activity was not properly posted in the Custodial Fund in 2022 and 2021. Also, adjustments were necessary to correct the Fines, Licenses and Permits amount in the General Fund in 2022 related to these errors;
- Adjustments were necessary to correct for multiple transactions that should have been recorded in 2021 that were instead included in 2022 activity. These adjustments also included reversal of fund balance adjustments made in 2022 for 2021 activity, as well as proposing prior period adjustments for voided checks, EFTs, and deposits in transit;
- An intrafund transfer from the General Fund to the Unclaimed Monies Fund has been eliminated as the Unclaimed Monies Fund is reported as a part of the General Fund; and
- Audit adjustments from the 2020-2019 audit were not properly posted in the accounting system during the 2022-2021 audit period and have been repropose.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

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

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

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

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

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

FINDING NUMBER 2022-002

Material Weakness

Cash Reconciliation

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

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

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-002 (Continued)

Material Weakness (Continued)

Cash Reconciliation (Continued)

Bank reconciliations were not prepared timely (within the subsequent month) for 5 of the 12 reconciliations in 2022 and for all 12 reconciliations in 2021. Also, Other Adjusting Factors were entered to reconcile the bank and book balances for a 5 of the 12 months in 2022 and a majority of the months in 2021. The balance of the Mayor's Court bank account was also not included in the accounting system in 2021. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

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

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

FINDING NUMBER 2022-003

Material Weakness/Noncompliance

Budgetary Controls

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

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

- Violations of 5705.36 as a Certificate of Estimated Resources was not filed with the County Budget Commission in 2022;
- Violations of 5705.38(A) as appropriations resolutions were not filed with the County Budget Commission in 2022 or 2021; and
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeding appropriations).

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-003 (Continued)

Material Weakness/Noncompliance (Continued)

Budgetary Controls (Continued)

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

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure to ensure the required filings are made with the County Budget Commission timely.

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

FINDING NUMBER 2022-004

Material Weakness/Noncompliance

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

In addition, **Ohio Rev. Code § 5747.06** requires every employer maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a reasonable estimate of the amount of state income tax which will be due.

The Clerk-Treasurer did not submit the Form 941 quarterly reports timely for one quarter in 2022 and for all four quarters in 2021 and did not remit federal withholdings as required by the IRS timely for six months in 2022 and for all 12 months in 2021. Interest and penalties from the late filings in 2022 and 2021 will likely be assessed by the IRS in a subsequent year.

The IT 941 reports as required by the State of Ohio were also not submitted timely in 2021. In addition, monthly payments to the State of Ohio were made late for 5 months in 2022 and for all months in 2021. Interest and penalties paid on these late filings and payments totaled \$12.69 (\$10.12 of which was included in the prior audit finding).

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-004 (Continued)

Material Weakness/Noncompliance (Continued)

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

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

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

FINDING NUMBER 2022-005

Significant Deficiency

Tracking of Leave Balances

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

A review of the 2022 and 2021 Wage Detail reports showed three employees carried negative leave balances and a few employees did not have their leave balances tracked in the Uniform Accounting Network (UAN) system. Balances were not properly updated in the UAN system resulting in leave balances exceeding available balances. Failure to update leave balances could result in employees being entitled to more or less leave than system reports include.

Employee Mike Skatula was paid for 19.50 hours of leave exceeding the leave he was entitled to which equates to \$247.64 more in gross wages than allowed. Employee Nathan Kovach was paid for 129.05 hours of leave exceeding the leave he was entitled to which equates to \$1,489.92 more in gross wages than allowed.

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

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-006

Significant Deficiency/Noncompliance

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

The Village did not submit the monthly OPERS reports for five months in 2022 and two months in 2021 timely. This resulted in the Village owing and paying OPERS late filing fees totaling \$248.15 of which \$85.58 was paid in 2021 and \$162.57 was paid in 2022 (all of which was included in the prior audit finding). As of December 31, 2022, all reports have been submitted.

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

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

FINDING NUMBER 2022-007

Noncompliance

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

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

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-007 (Continued)

Noncompliance (Continued)

The court shall not waive the payment of the additional thirty-, twenty-, or ten-dollar court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Ohio Rev. Code § 2949.094 states, in part, the court in which any person is convicted of or pleads guilty to any moving violation shall impose an additional court cost of ten dollars upon the offender. The court shall not waive the payment of the ten dollars unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender. The clerk of the court shall transmit thirty-five per cent of all additional court costs collected pursuant to this division during a month on or before the twenty-third day of the following month to the state treasury of which ninety-seven per cent shall be credited to the drug law enforcement fund created under section 5502.68 of the Revised Code and the remaining three per cent shall be credited to the justice program services fund created under section 5502.67 of the Revised Code. The clerk shall transmit fifteen per cent of all additional court costs so collected during a month on or before the twenty-third day of the following month to the county or municipal indigent drivers alcohol treatment fund under the control of that court, as created by the county or municipal corporation under division (H) of section 4511.191 of the Revised Code. The clerk shall transmit fifty per cent of all additional court costs so collected during a month on or before the twenty-third day of the following month to the state treasury to be credited to the indigent defense support fund created pursuant to section 120.08 of the Revised Code.

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

- Mayor's Court remittances were not made timely to the Village's General Fund and the Mayor's Court Computer Fund as required by Section 733.40 for all three months in which receipts were received in 2021;
- Mayor's Court remittances were not made to the Village's General Fund timely for all three months in which receipts were received in 2021;
- Mayor's Court remittances were not made to the Treasurer of State as required by Sections 2743.70, 2949.091, and 2949.094, for all three months in which receipts were received in 2021. The amount that should have been remitted to the Treasurer of State during this period was \$150. In addition to this amount, \$262.50 due to the Treasurer of State as determined in the prior year audit was still due as of December 31, 2022. As the Village closed out the Mayor's Court account in 2022, these payments should be made out of the General Fund;
- Mayor's Court remittances were not made to the Dillonvale Municipal Court as required by Section 2949.094 for all three months in which receipts were received in 2021. The amount that should have been remitted to the Dillonvale Municipal Court during this period was \$6. In addition to this amount, \$144 due to the Dillonvale Municipal Court as determined in the prior year audit was still due as of December 31, 2022. As the Village closed out the Mayor's Court account in 2022, these payments should be made out of the General Fund.

We recommend the Village distribute the correct fines collected by the Village's Mayor's Court to the Village and other applicable agencies by the required dates.

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-008

Noncompliance

Ohio Revised Code Section 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. **Ohio Revised Code Section 133.18** allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

On December 29, 2021, the Village signed a promissory note with Consumers National Bank in the amount of \$165,000, to finance the repair of a roof. This type of loan does not meet the requirements set forth in the above referenced Ohio Revised Code Sections. The Ohio Revised Code contains various methods of incurring debt for Villages. Installment loans and promissory notes with banking institutions are not legal methods of debt for Villages. Also, a referral to the Ohio Ethics Commission was made regarding this loan issuance as a Village Council Member works at Consumers National Bank and received \$118.03 as a "Commercial Loan Referral" relating to this loan.

We recommend the Village Counsel consult with the Village's legal counsel prior to the Village incurring future debt.

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

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|--|-------------------------|------------------------------|
| 2020-001 | Financial Reporting | Not Corrected | Repeated as Finding 2022-001 |
| 2020-002 | Cash Reconciliation | Not Corrected | Repeated as Finding 2022-002 |
| 2020-003 | Budgetary Controls | Not Corrected | Repeated as Finding 2022-003 |
| 2020-004 | Ohio Revised Code Section 1901.261 - Mayor's Court Computer Fund | Finding No Longer Valid | Mayor's Court closed in 2022 |
| 2020-005 | Ohio Revised Code Section 731.13 – Overpayment of Payroll Wages | Corrected | N/A |
| 2020-006 | 23 U.S.C. Section 3402 & Ohio Revised Code Section 5747.06 | Not Corrected | Repeated as Finding 2022-004 |
| 2020-007 | Tracking of Leave Balances | Not Corrected | Repeated as Finding 2022-005 |
| 2020-008 | Ohio Revised Code Section 145.47 | Not Corrected | Repeated as Finding 2022-006 |
| 2020-009 | Ohio Revised Code Section 149.351(A) | Corrected | N/A |
| 2020-010 | Ohio Revised Code Sections 733.40, 2743.70, 2949.091, & 2949.094 | Not Corrected | Repeated as Finding 2022-007 |

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF DILLONVALE

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/22/2025

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

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