



**Auditor of State  
Betty Montgomery**



**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

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LAWRENCE COUNTY

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

Village of South Point  
Lawrence County  
408 2<sup>nd</sup> Street West  
South Point, Ohio 45680

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Point, Lawrence County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Point, Lawrence County, Ohio, as of December 31, 2005 and 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General, Street, Permissive Motor Vehicle License, and Fire Department Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the years ended December 31, 2005 and 2004, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



**Betty Montgomery**  
Auditor of State

July 10, 2006

**Village of South Point**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

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This discussion and analysis of the Village of South Point's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2005 and 2004, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$118,197 or 34.5 percent, a significant change from the prior year. The reasons for the increase were: an increase in inheritance tax, interest, gasoline tax received and the addition of the Boat Ramp Improvement Fund which received \$62,000 in interim financing funds.

The Village's general receipts are primarily property taxes, local government revenue assistance, court fines, franchise fees and interest. Voters within the Village renewed a 3 mill operating levy for General Fund current expenses including the Police Department, street lighting, park improvements for tax years 2004 through 2008. The Fire Department receives a 2 mill operating levy that was passed by voters in 1994 and the levy runs for a continuing period of time. An additional 3 mill Police Department operating levy to operate a full time department was rejected by voters in 2002 with 60% voting against the levy.

The Street Department receives money from gasoline tax and motor registration fees and is used for constructing and maintaining village streets. The Village also has a \$5.00 Street Permissive Vehicle Tax that is used for street maintenance.

The Water Operating, Sewer Operating and Sanitation Funds are the Village's lone business-type activities. Enough money is transferred each month from these accounts to bond fund accounts to make the necessary payments on the bonds when they are due. Reserve accounts are also set up for the water and sewer funds for emergencies or for major expenses. Sanitation fees are collected with the water and sewer bill for residents within the Village and paid to the sanitation contractor every month which is handled through the sanitation fund.

The Sewer Improvements Project Fund was established in 2005 to increase the sewer plants capacity from 1.2 MGD to 1.8 MGD. Funding for the project is being supplied by the Ohio Public Works Commission and the Appalachia Regional Commission and the Village. The \$1,172,000 project should begin in 2006. The Boat Ramp Improvement Project was established in 2005 for the purpose of replacing the retaining wall at the boat ramp. The project was awarded a \$62,000 grant from the Ohio Department of Natural Resources and will be completed in 2006.

Key highlights for 2004 are as follows:

Net assets of governmental activities decreased \$432,291 or 56 percent, a significant change from the prior year. The main reason for the decrease was the payment of the \$600,000 debt note pertaining to the Water Improvement Project.

The Village's general receipts are primarily property taxes, local government revenue assistance, court fines, franchise fees and interest. Property taxes represent 41 percent of total governmental activities general receipts. Property taxes changed very little when compared to prior years.

**Village of South Point**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

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The Water Operating, Sewer Operating, and Sanitation Funds, the Village's three business-type activities, broke even for the year.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

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

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

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2005 and 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's



**Village of South Point**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

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financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

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

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. Property taxes, gasoline taxes, vehicle registrations, local government revenue assistance, licenses & permits and state & federal grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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

**Reporting the Village's Most Significant Funds**

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Fund, Permissive Motor Vehicle License Fund, Fire Department Fund, Water Improvement Fund and Boat Ramp Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

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

**Village of South Point**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2005 compared to 2004 on a cash basis. Since the Village did not prepare financial statements in this format for 2003, a comparative analysis to that year has not presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 1)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets</b>						
Cash and Cash Equivalents	\$460,706	\$342,509	\$604,081	\$558,888	\$1,064,787	\$901,397
Total Assets	\$460,706	\$342,509	\$604,081	\$558,888	\$1,064,787	\$901,397
<b>Net Assets</b>						
Restricted for:						
Debt Service	\$14,599	\$14,630			\$14,599	\$14,630
Capital Projects	\$62,000				\$62,000	\$0
Other Purposes	\$301,011	\$264,039			\$301,011	\$264,039
Unrestricted	\$83,096	\$63,840	\$604,081	\$558,888	\$687,177	\$622,728
Total Net Assets	\$460,706	\$342,509	\$604,081	\$558,888	\$1,064,787	\$901,397

As mentioned previously, net assets of governmental activities increased \$118,197 or 34.5 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- An increase in inheritance tax received from \$0 in 2004 to \$21,048 in 2005.
- An increase in interest rates on investments in 2005.
- An increase in gasoline tax received.
- The addition of the Boat Ramp Improvements Fund which received \$62,000 in interim financing funds in 2005.

Table 2 reflects the changes in net assets in 2005 and 2004. Since the Village did not prepare financial statements in this format for 2003, a comparative analysis of Village-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Village of South Point**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2005	Business Type Activities 2005	Total 2005	Governmental Activities 2004	Business Type Activities 2004	Total 2004
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services and Sales	\$40,548	\$1,410,374	\$1,450,922	\$47,595	\$1,306,169	\$1,353,764
Operating Grants and Contributions	231,016		231,016	211,754		211,754
Capital Grants and Contributions		635	635	118,871		118,871
<b>Total Program Receipts</b>	<b>271,564</b>	<b>1,411,009</b>	<b>1,682,573</b>	<b>378,220</b>	<b>1,306,169</b>	<b>1,684,389</b>
<b>General Receipts:</b>						
Property and Other Local Taxes	156,133		156,133	156,228		156,228
Grants and Entitlements Not Restricted to Specific Programs	78,490		78,490	168,520		168,520
Interest	18,496		18,496	5,052		5,052
Miscellaneous	75,433	13,395	88,828	53,642	7,824	61,466
<b>Total General Receipts</b>	<b>328,552</b>	<b>13,395</b>	<b>341,947</b>	<b>383,442</b>	<b>7,824</b>	<b>391,266</b>
<b>Total Receipts</b>	<b>600,116</b>	<b>1,424,404</b>	<b>2,024,520</b>	<b>761,662</b>	<b>1,313,993</b>	<b>2,075,655</b>
<b>Disbursements:</b>						
General Government	58,187		58,187	67,256		67,256
Security of Persons and Property:	178,691		178,691	209,266		209,266
Public Health Services			0			0
Leisure Time Activities			0	500		500
Economic Development			0			0
Basic Utilities			0			0
Transportation	168,403		168,403	139,021		139,021
Capital Outlay	6,118		6,118	82,087		82,087
Principal Payments	58,618		58,618	652,500		652,500
Interest and Fiscal Charges	11,902		11,902	14,816		14,816
Water		367,829	367,829		387,340	387,340
Sewer		882,378	882,378		834,728	834,728
Sanitation		129,004	129,004		121,719	121,719
<b>Total Disbursements</b>	<b>481,919</b>	<b>1,379,211</b>	<b>1,861,130</b>	<b>1,165,446</b>	<b>1,343,787</b>	<b>2,509,233</b>
Excess (Deficiency) Before Transfers	118,197	45,193	163,390	(403,784)	(29,794)	(433,578)
Transfers			0	(28,507)	28,507	0
<b>Increase (Decrease) in Net Assets</b>	<b>118,197</b>	<b>45,193</b>	<b>163,390</b>	<b>(432,291)</b>	<b>(1,287)</b>	<b>(433,578)</b>
Net Assets, January 1, 2005	342,509	558,888	901,397	774,800	560,175	1,334,975
Net Assets, December 31, 2005	\$460,706	\$604,081	\$1,064,787	\$342,509	\$558,888	\$901,397

In 2005, governmental activities program receipts represent 45% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

In 2004, governmental activities program receipts represent 50% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

**Village of South Point**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

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In 2005, governmental activities general receipts represent 55% of the Village's total governmental receipts, and of this amount, 48% are property and local taxes. Other receipts such as inheritance tax, court fines and interest are somewhat unpredictable revenue sources.

In 2004, governmental activities general receipts represent 50% of the Village's total governmental receipts, and of this amount, 41% are property and local taxes. Other receipts such as court fines and interest are somewhat unpredictable revenue sources.

In 2005 and 2004, disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include all or a portion of the costs of council, mayor, clerk, treasurer, audit expense, spring & fall cleanups and park improvements and maintenance. Since these do not represent direct services to residents, we try to limit these costs to 18% of governmental activities unrestricted receipts.

Security of Persons and Property are the costs of police and fire protection. Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. In 2005, the major program disbursements for governmental activities are for transportation and security of persons and property, which account for 35 and 37 percent of all governmental disbursements respectively. General government also represents a significant cost, about 12 percent. In 2004, the major program disbursements for governmental activities are for security of persons and property and principal payments which account for 18 and 56 percent of all governmental disbursements respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2005	2005	2004	2004
General Government	\$58,187	(\$25,778)	\$67,256	(\$25,382)
Security of Persons & Property	178,691	(177,412)	209,266	(201,714)
Leisure Time Activities	-	-	500	(500)
Community Environment	-	815	-	170
Basic Utility Services	-	3,825	-	122,142
Transportation	168,403	64,833	139,021	67,461
Capital outlay	6,118	(6,118)	82,087	(82,087)
Principal Payments	58,618	(58,618)	652,500	(652,500)
Interest and Fiscal Charges	11,902	(11,902)	14,816	(14,816)
<b>Total Expenses</b>	<b>\$481,919</b>	<b>(\$210,355)</b>	<b>\$1,165,446</b>	<b>(\$787,226)</b>

**Village of South Point**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

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**Business-type Activities**

The Village operates a municipal water system with approximately 2,150 customers, a sanitary sewer system with approximately 4,650 customers and we bill for garbage pickup along with the water bills for village residents. The water system was improved with a new well, new storage tank and 2 new filters which was completed in 2003 at a cost of \$680,000. The sewer system improvement project funding has been established and will begin in 2006. The budget for the project is \$1,172,000 and will increase the sewer plant capacity from 1.2 MGD to 1.8 MGD.

**The Village's Funds**

In 2005, total governmental funds had receipts including sale of capital assets and notes issued of \$600,116 and disbursements of \$481,919. The General Fund increased over \$19,000 and the Street fund increased over \$36,000 in 2005 due to receipts of inheritance tax, increased interest receipts and increased gasoline taxes received. Also, the establishment of the Boat Ramp Improvement Fund with the receipt of \$62,000 accounts for the increase in governmental funds.

In 2004, total governmental funds had receipts including loan proceeds of \$761,662 and disbursements of \$1,165,446. The General Fund decreased over \$45,000 and the Water Improvement Project Fund decreased over \$400,000. The General Fund decrease was due mainly to increased costs in security of persons and property. The decrease in the Water Improvement Project Fund was due to the completion of this project and payment of the principal on the \$600,000 debt issue.

General Fund receipts and expenditures are closely monitored as the receipts are limited and somewhat unpredictable such as inheritance tax, court fines and interest. The Police Department accounts for about 66% of the total General Fund budget.

**General Fund Budgeting Highlights**

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

During 2005, the Village did not need to amend the General Fund expense appropriation. Final budgeted receipts were equal to original budgeted receipts. However, actual receipts came in higher due to an unexpected receipt of inheritance tax and increased interest receipts.

Final disbursements were budgeted at \$210,636 while actual disbursements were \$205,235. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is an increase in fund balance of \$19,007 for 2005.

During 2004, the Village only slightly amended the General Fund expense appropriation. Final budgeted receipts less than original budgeted receipts. This was a result of ensuring final budgeted revenues were equal to actual revenues.

Final disbursements were budgeted at \$256,983 while actual disbursements were \$249,038. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is an decrease in fund balance of \$45,997 for 2004.

**Village of South Point**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

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**Capital Assets and Debt Administration**

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure other than taking an inventory of what is on hand in January of each year. The current liability and property insurance policy keeps an accurate record of Village property, equipment and vehicles.

Debt

At December 31, 2005, the Village's outstanding debt included \$1,081,100 in general obligation bonds including interest issued for improvements to streets and structures, and \$1,145,134 in mortgage revenue and improvement bonds including interest for various water and sewer loans. For further information regarding the Village's debt, refer to the basic financial statements.

**Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry at this time to support the tax base. The development of the Point Industrial Park within the Village will hopefully increase the Village's tax base considerably. Council is considering putting another Police Department Operating Levy on the ballot for voters to consider so we can increase our police protection. Voters have defeated a Police Dept. Levy twice over the past few years. The Village has never imposed an income tax on its residents to this point.

The water system was upgraded in 2004 with a new 300,000 gallon water tank, 2 – 500 gallon/minute filter tanks, expanded water filter building, new 6" 750 gallon GPM gravel pack well and various water line extensions. The sewer system is in the process of upgrading the treatment plant by replacing the existing influent lift station, replacing the sludge press, adding 2 new 45' diameter primary and secondary clarifiers and various other upgrades at an estimated cost of \$1,172,000. The water and sewer rates were each raised approximately \$1.00 per month in 2005.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to: Scott Thomas, Village Fiscal Officer, 408 2<sup>nd</sup> St. W., South Point OH 45680. Phone 740-377-4838, e-mail: [southpoint@zoominternet.net](mailto:southpoint@zoominternet.net) , web: [www.villageofsouthpoint.com](http://www.villageofsouthpoint.com).

**Village of South Point , Lawrence County**

*Statement of Net Assets - Cash Basis*

*December 31, 2005*

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	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$460,706</u>	<u>\$604,081</u>	<u>\$1,064,787</u>
<i>Total Assets</i>	<u><u>\$460,706</u></u>	<u><u>\$604,081</u></u>	<u><u>\$1,064,787</u></u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$62,000	\$0	\$62,000
Debt Service	14,599		14,599
Other Purposes	301,011		301,011
Unrestricted	<u>83,096</u>	<u>604,081</u>	<u>687,177</u>
<i>Total Net Assets</i>	<u><u>\$460,706</u></u>	<u><u>\$604,081</u></u>	<u><u>\$1,064,787</u></u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$58,187	\$32,409	\$0	\$0	(\$25,778)	\$0	(\$25,778)
Security of Persons and Property	178,691		1,279		(177,412)		(177,412)
Community Environment		815			815		815
Basic Utility Services		3,825			3,825		3,825
Transportation	168,403	3,499	229,737		64,833		64,833
Capital Outlay	6,118				(6,118)		(6,118)
Principal Payments	58,618				(58,618)		(58,618)
Interest and Fiscal Charges	11,902				(11,902)		(11,902)
<i>Total Governmental Activities</i>	481,919	40,548	231,016	0	(210,355)	0	(210,355)
<b>Business Type Activities</b>							
Water	367,829	395,835				28,006	28,006
Sewer	882,378	883,885		635		2,142	2,142
Sanitation	129,004	130,654				1,650	1,650
<i>Total Business-Type Activities</i>	1,379,211	1,410,374	0	635	0	31,798	31,798
<b>Total</b>	<b>\$1,861,130</b>	<b>\$1,450,922</b>	<b>\$231,016</b>	<b>\$635</b>	<b>(210,355)</b>	<b>31,798</b>	<b>(178,557)</b>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					152,760		152,760
Other Taxes					3,373		3,373
Grants and Entitlements not Restricted to Specific Programs					78,490		78,490
Notes Issued					62,000		62,000
Sale of Capital Assets					6,300	7,245	13,545
Interest					18,496		18,496
Miscellaneous					7,133	6,150	13,283
<i>Total General Receipts</i>					328,552	13,395	341,947
Change in Net Assets					118,197	45,193	163,390
<i>Net Assets Beginning of Year</i>					342,509	558,888	901,397
<i>Net Assets End of Year</i>					<u>\$460,706</u>	<u>\$604,081</u>	<u>\$1,064,787</u>



**Village of South Point , Lawrence County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	General	Street Fund	Permissive Motor Vehicle License Fund	Fire Department Fund	Boat Ramp Improvement Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$83,096	\$190,364	\$50,441	\$60,206	\$62,000	\$14,599	\$460,706
<i>Total Assets</i>	<u>\$83,096</u>	<u>\$190,364</u>	<u>\$50,441</u>	<u>\$60,206</u>	<u>\$62,000</u>	<u>\$14,599</u>	<u>\$460,706</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$249	\$517	\$0	\$0	\$0	\$0	\$766
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	82,847						82,847
Special Revenue Funds		189,847	50,441	60,206			300,494
Debt Service Fund						14,599	14,599
Capital Projects Funds					62,000		62,000
<i>Total Fund Balances</i>	<u>\$83,096</u>	<u>\$190,364</u>	<u>\$50,441</u>	<u>\$60,206</u>	<u>\$62,000</u>	<u>\$14,599</u>	<u>\$460,706</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2005

	General	Street Fund	Permissive Motor Vehicle License Fund	Fire Department Fund	Boat Ramp Improvement Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$102,684	\$0	\$0	\$53,449	\$0	\$0	\$156,133
Special Assessments		3,499					3,499
Charges for Services	3,825						3,825
Fines, Licenses and Permits	33,221						33,221
Intergovernmental	67,657	207,878	21,859	12,115			309,509
Interest	14,054	3,392	1,050				18,496
Miscellaneous	1,301	5,081		751			7,133
<i>Total Receipts</i>	<u>222,742</u>	<u>219,850</u>	<u>22,909</u>	<u>66,315</u>	<u>0</u>	<u>0</u>	<u>531,816</u>
<b>Disbursements</b>							
Current:							
General Government	58,187						58,187
Security of Persons and Property	143,149			35,542			178,691
Public Health Services							0
Leisure Time Activities							0
Community Environment							0
Basic Utility Services							0
Transportation		168,403					168,403
Capital Outlay	3,650			2,468			6,118
Debt Service:							
Principal Retirement						58,618	58,618
Interest and Fiscal Charges						11,902	11,902
<i>Total Disbursements</i>	<u>204,986</u>	<u>168,403</u>	<u>0</u>	<u>38,010</u>	<u>0</u>	<u>70,520</u>	<u>481,919</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,756</u>	<u>51,447</u>	<u>22,909</u>	<u>28,305</u>	<u>0</u>	<u>(70,520)</u>	<u>49,897</u>
<b>Other Financing Sources (Uses)</b>							
Notes Issued					62,000		62,000
Sale of Capital Assets	1,500	4,800					6,300
Transfers In				251		70,740	70,991
Transfers Out		(19,920)	(19,920)	(30,900)		(251)	(70,991)
<i>Total Other Financing Sources (Uses)</i>	<u>1,500</u>	<u>(15,120)</u>	<u>(19,920)</u>	<u>(30,649)</u>	<u>62,000</u>	<u>70,489</u>	<u>68,300</u>
<i>Net Change in Fund Balances</i>	19,256	36,327	2,989	(2,344)	62,000	(31)	118,197
<i>Fund Balances Beginning of Year</i>	63,840	154,037	47,452	62,550	0	14,630	342,509
<i>Fund Balances End of Year</i>	<u>\$83,096</u>	<u>\$190,364</u>	<u>\$50,441</u>	<u>\$60,206</u>	<u>\$62,000</u>	<u>\$14,599</u>	<u>\$460,706</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$105,000	\$105,000	\$102,684	(\$2,316)
Charges for Services	3,000	3,000	3,825	825
Fines, Licenses and Permits	46,500	46,500	33,221	(13,279)
Intergovernmental	48,000	48,000	67,657	19,657
Interest	2,500	2,500	14,054	11,554
Miscellaneous	3,000	3,000	1,301	(1,699)
<i>Total Receipts</i>	<u>208,000</u>	<u>208,000</u>	<u>222,742</u>	<u>14,742</u>
<b>Disbursements</b>				
Current:				
General Government	60,870	62,052	58,275	3,777
Security of Persons and Property	140,550	144,934	143,310	1,624
Capital Outlay	6,000	3,650	3,650	0
<i>Total Disbursements</i>	<u>207,420</u>	<u>210,636</u>	<u>205,235</u>	<u>5,401</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>580</u>	<u>(2,636)</u>	<u>17,507</u>	<u>20,143</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			1,500	1,500
Other Financing Uses	(1,000)			0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,000)</u>	<u>0</u>	<u>1,500</u>	<u>1,500</u>
<i>Net Change in Fund Balance</i>	(420)	(2,636)	19,007	21,643
<i>Fund Balance Beginning of Year</i>	63,283	63,283	63,283	0
Prior Year Encumbrances Appropriated	556	556	556	0
<i>Fund Balance End of Year</i>	<u>\$63,419</u>	<u>\$61,203</u>	<u>\$82,846</u>	<u>\$21,643</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Street Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$3,300	\$3,300	\$3,499	\$199
Intergovernmental	182,000	182,000	207,878	25,878
Interest	1,000	1,000	3,392	2,392
Miscellaneous	1,000	1,000	5,081	4,081
<i>Total Receipts</i>	187,300	187,300	219,850	32,550
<b>Disbursements</b>				
Current:				
Transportation	161,850	182,395	168,920	13,475
<i>Total Disbursements</i>	161,850	182,395	168,920	13,475
<i>Excess of Receipts Over (Under) Disbursements</i>	25,450	4,905	50,930	46,025
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			4,800	4,800
Transfers Out	(20,000)	(20,000)	(19,920)	80
<i>Total Other Financing Sources (Uses)</i>	(20,000)	(20,000)	(15,120)	4,880
<i>Net Change in Fund Balance</i>	5,450	(15,095)	35,810	50,905
<i>Fund Balance Beginning of Year</i>	153,591	153,591	153,591	0
Prior Year Encumbrances Appropriated	445	445	445	0
<i>Fund Balance End of Year</i>	\$159,486	\$138,941	\$189,846	\$50,905

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Permissive Motor Vehicle License Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$29,000	\$29,000	\$21,859	(\$7,141)
Interest	500	500	1,050	550
<i>Total Receipts</i>	<u>29,500</u>	<u>29,500</u>	<u>22,909</u>	<u>(6,591)</u>
<b>Disbursements</b>				
Current:				
Capital Outlay	30,000	30,000		30,000
<i>Total Disbursements</i>	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(500)</u>	<u>(500)</u>	<u>22,909</u>	<u>23,409</u>
<b>Other Financing (Uses)</b>				
Transfers Out	(20,000)	(20,000)	(19,920)	80
<i>Total Other Financing (Uses)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,920)</u>	<u>80</u>
<i>Net Change in Fund Balance</i>	(20,500)	(20,500)	2,989	23,489
<i>Fund Balance Beginning of Year</i>	47,453	47,453	47,453	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$26,953</u>	<u>\$26,953</u>	<u>\$50,442</u>	<u>\$23,489</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire Department Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$62,000	\$62,000	\$53,449	(\$8,551)
Intergovernmental	7,000	8,000	12,115	4,115
Miscellaneous	1,000	1,000	751	(249)
<i>Total Receipts</i>	70,000	71,000	66,315	(4,685)
<b>Disbursements</b>				
Current:				
Security of Persons and Property	36,320	37,777	35,542	2,235
Capital Outlay	3,000	2,543	2,468	75
<i>Total Disbursements</i>	39,320	40,320	38,010	2,310
<i>Excess of Receipts Over (Under) Disbursements</i>	30,680	30,680	28,305	(2,375)
<b>Other Financing Sources (Uses)</b>				
Transfers In			251	251
Transfers Out	(30,900)	(30,900)	(30,900)	0
<i>Total Other Financing Sources (Uses)</i>	(30,900)	(30,900)	(30,649)	251
<i>Net Change in Fund Balance</i>	(220)	(220)	(2,344)	(2,124)
<i>Fund Balance Beginning of Year</i>	62,550	62,550	62,550	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	\$62,330	\$62,330	\$60,206	(\$2,124)

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**

*Statement of Fund Net Assets - Cash Basis*

*Proprietary Funds*

*December 31, 2005*

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	Business-Type Activities			
	Water Operating	Sewer Operating	Sanitation	Total
	Fund	Fund	Fund	Enterprise Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$156,176	\$445,280	\$2,625	\$604,081
<i>Total Assets</i>	<u>\$156,176</u>	<u>\$445,280</u>	<u>\$2,625</u>	<u>\$604,081</u>
<b>Net Assets</b>				
Unrestricted	<u>\$156,176</u>	<u>\$445,280</u>	<u>\$2,625</u>	<u>\$604,081</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2005*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Sanitation Fund	
<b>Operating Receipts</b>				
Charges for Services	\$395,835	\$883,885	\$130,654	\$1,410,374
<i>Total Operating Receipts</i>	<u>395,835</u>	<u>883,885</u>	<u>130,654</u>	<u>1,410,374</u>
<b>Operating Disbursements</b>				
Personal Services	104,741	249,623		354,364
Fringe Benefits	59,360	171,010		230,370
Contractual Services	68,781	137,620	129,004	335,405
Materials and Supplies	38,556	84,685		123,241
<i>Total Operating Disbursements</i>	<u>271,438</u>	<u>642,938</u>	<u>129,004</u>	<u>1,043,380</u>
<i>Operating Income (Loss)</i>	124,397	240,947	1,650	366,994
<b>Non-Operating Receipts (Disbursements)</b>				
Intergovernmental		635		635
Sale of Fixed Assets	1,490	5,755		7,245
Miscellaneous Receipts	6,150			6,150
Capital Outlay	(50,480)	(74,712)		(125,192)
Principal Payments	(25,747)	(67,053)		(92,800)
Interest and Fiscal Charges	(20,164)	(97,675)		(117,839)
Total Non Operating Receipts (Disbursements)	<u>(88,751)</u>	<u>(233,050)</u>	<u>0</u>	<u>(321,801)</u>
<i>Income (Loss) before Transfers and Advances</i>	35,646	7,897	1,650	45,193
Transfers In		1,500		1,500
Transfers Out			(1,500)	(1,500)
<i>Change in Net Assets</i>	35,646	9,397	150	45,193
<i>Net Assets Beginning of Year</i>	<u>120,530</u>	<u>435,883</u>	<u>2,475</u>	<u>558,888</u>
<i>Net Assets End of Year</i>	<u><u>\$156,176</u></u>	<u><u>\$445,280</u></u>	<u><u>\$2,625</u></u>	<u><u>\$604,081</u></u>

See accompanying notes to the basic financial statements



**Village of South Point, Lawrence County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Fund*  
*December 31, 2005*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$355</u>
<i>Total Assets</i>	<u><u>\$355</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$355</u></u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**

*Statement of Net Assets - Cash Basis*

*December 31, 2004*

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	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$342,509</u>	<u>\$558,888</u>	<u>\$901,397</u>
<i>Total Assets</i>	<u><u>\$342,509</u></u>	<u><u>\$558,888</u></u>	<u><u>\$901,397</u></u>
<b>Net Assets</b>			
Restricted for:			
Debt Service	\$14,630		\$14,630
Other Purposes	264,039		264,039
Unrestricted	<u>63,840</u>	<u>558,888</u>	<u>622,728</u>
<i>Total Net Assets</i>	<u><u>\$342,509</u></u>	<u><u>\$558,888</u></u>	<u><u>\$901,397</u></u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2004

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$67,256	\$41,874	\$0	\$0	(\$25,382)	\$0	(\$25,382)
Security of Persons and Property	209,266		7,552		(201,714)		(201,714)
Leisure Time Activities	500				(500)		(500)
Community Environment		170			170		170
Basic Utility Services		3,271		118,871	122,142		122,142
Transportation	139,021	2,280	204,202		67,461		67,461
Capital Outlay	82,087				(82,087)		(82,087)
Principal Payments	652,500				(652,500)		(652,500)
Interest and Fiscal Charges	14,816				(14,816)		(14,816)
<i>Total Governmental Activities</i>	<u>1,165,446</u>	<u>47,595</u>	<u>211,754</u>	<u>118,871</u>	<u>(787,226)</u>	<u>0</u>	<u>(787,226)</u>
<b>Business Type Activities</b>							
Water	387,340	343,682				(43,658)	(43,658)
Sewer	834,728	839,572				4,844	4,844
Sanitation	121,719	122,915				1,196	1,196
<i>Total Business-Type Activities</i>	<u>1,343,787</u>	<u>1,306,169</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(37,618)</u>	<u>(37,618)</u>
<b>Total</b>	<u>\$2,509,233</u>	<u>\$1,353,764</u>	<u>\$211,754</u>	<u>\$118,871</u>	<u>(787,226)</u>	<u>(37,618)</u>	<u>(824,844)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					152,616		152,616
Other Taxes					3,612		3,612
Grants and Entitlements not Restricted to Specific Programs					168,520		168,520
Loan Proceeds					48,823		48,823
Sale of Capital Assets						1,824	1,824
Interest					5,052		5,052
Miscellaneous					4,819	6,000	10,819
<i>Total General Receipts</i>					<u>383,442</u>	<u>7,824</u>	<u>391,266</u>
Transfers					(28,507)	28,507	0
Total General Receipts, Special Item, Transfers and Advances					<u>354,935</u>	<u>36,331</u>	<u>391,266</u>
Change in Net Assets					(432,291)	(1,287)	(433,578)
<i>Net Assets Beginning of Year</i>					<u>774,800</u>	<u>560,175</u>	<u>1,334,975</u>
<i>Net Assets End of Year</i>					<u>\$342,509</u>	<u>\$558,888</u>	<u>\$901,397</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2004*

	General	Street Fund	Permissive Motor Vehicle License Fund	Fire Department Fund	Water Improvement Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$63,840	\$154,037	\$47,452	\$62,550	\$0	\$14,630	\$342,509
<i>Total Assets</i>	<u>\$63,840</u>	<u>\$154,037</u>	<u>\$47,452</u>	<u>\$62,550</u>	<u>\$0</u>	<u>\$14,630</u>	<u>\$342,509</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$556	\$445	\$0	\$0	\$0	\$0	\$1,001
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	63,284						63,284
Special Revenue Funds		153,592	47,452	62,550			263,594
Debt Service Fund						14,630	14,630
<i>Total Fund Balances</i>	<u>\$63,840</u>	<u>\$154,037</u>	<u>\$47,452</u>	<u>\$62,550</u>	<u>\$0</u>	<u>\$14,630</u>	<u>\$342,509</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2004*

	General	Street Fund	Permissive Motor Vehicle License Fund	Fire Department Fund	Water Improvement Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$101,891	\$0	\$0	\$54,337	\$0	\$0	\$156,228
Special Assessments		2,281					2,281
Charges for Services	3,271						3,271
Fines, Licenses and Permits	42,045						42,045
Intergovernmental	48,113	182,590	21,612	18,484	228,344		499,143
Interest	3,729	974	349				5,052
Miscellaneous	3,992	821		6			4,819
<i>Total Receipts</i>	<u>203,041</u>	<u>186,666</u>	<u>21,961</u>	<u>72,827</u>	<u>228,344</u>	<u>0</u>	<u>712,839</u>
<b>Disbursements</b>							
Current:							
General Government	67,256						67,256
Security of Persons and Property	176,082			33,184			209,266
Leisure Time Activities	500						500
Transportation		139,021					139,021
Capital Outlay	4,643			21,648	55,796		82,087
Debt Service:							
Principal Retirement					600,000	52,500	652,500
Interest and Fiscal Charges						14,816	14,816
<i>Total Disbursements</i>	<u>248,481</u>	<u>139,021</u>	<u>0</u>	<u>54,832</u>	<u>655,796</u>	<u>67,316</u>	<u>1,165,446</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(45,440)</u>	<u>47,645</u>	<u>21,961</u>	<u>17,995</u>	<u>(427,452)</u>	<u>(67,316)</u>	<u>(452,607)</u>
<b>Other Financing Sources (Uses)</b>							
Loan Proceeds					48,823		48,823
Transfers In						67,085	67,085
Transfers Out		(19,800)	(19,800)	(27,485)	(28,507)		(95,592)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(19,800)</u>	<u>(19,800)</u>	<u>(27,485)</u>	<u>20,316</u>	<u>67,085</u>	<u>20,316</u>
<i>Net Change in Fund Balances</i>	(45,440)	27,845	2,161	(9,490)	(407,136)	(231)	(432,291)
<i>Fund Balances Beginning of Year</i>	109,280	126,192	45,291	72,040	407,136	14,861	774,800
<i>Fund Balances End of Year</i>	<u>\$63,840</u>	<u>\$154,037</u>	<u>\$47,452</u>	<u>\$62,550</u>	<u>\$0</u>	<u>\$14,630</u>	<u>\$342,509</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$105,000	\$101,891	\$101,891	\$0
Charges for Services	3,000	3,271	3,271	0
Fines, Licenses and Permits	49,500	42,045	42,045	0
Intergovernmental	55,000	48,113	48,113	0
Interest	5,000	3,729	3,729	0
Miscellaneous	3,000	3,992	3,992	0
<i>Total Receipts</i>	<u>220,500</u>	<u>203,041</u>	<u>203,041</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
General Government	66,770	72,861	67,438	5,423
Security of Persons and Property	174,600	178,962	176,457	2,505
Leisure Time Activities	1,000	500	500	0
Capital Outlay	8,000	4,660	4,643	17
<i>Total Disbursements</i>	<u>250,370</u>	<u>256,983</u>	<u>249,038</u>	<u>7,945</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,870)</u>	<u>(53,942)</u>	<u>(45,997)</u>	<u>7,945</u>
<b>Other Financing (Uses)</b>				
Other Financing Uses	(3,000)			0
<i>Total Other Financing (Uses)</i>	<u>(3,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(32,870)</u>	<u>(53,942)</u>	<u>(45,997)</u>	<u>7,945</u>
<i>Fund Balance Beginning of Year</i>	109,167	109,167	109,167	0
Prior Year Encumbrances Appropriated	113	113	113	0
<i>Fund Balance End of Year</i>	<u>\$76,410</u>	<u>\$55,338</u>	<u>\$63,283</u>	<u>\$7,945</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Street Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$2,700	\$2,281	\$2,281	\$0
Intergovernmental	162,000	177,115	182,590	5,475
Interest	1,000	974	974	0
Miscellaneous	1,000	821	821	0
<i>Total Receipts</i>	<u>166,700</u>	<u>181,191</u>	<u>186,666</u>	<u>5,475</u>
<b>Disbursements</b>				
Current:				
Transportation	146,650	148,400	139,467	8,933
<i>Total Disbursements</i>	<u>146,650</u>	<u>148,400</u>	<u>139,467</u>	<u>8,933</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,050</u>	<u>32,791</u>	<u>47,199</u>	<u>14,408</u>
<b>Other Financing (Uses)</b>				
Transfers Out	(20,000)	(20,000)	(19,800)	200
<i>Total Other Financing (Uses)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,800)</u>	<u>200</u>
<i>Net Change in Fund Balance</i>	50	12,791	27,399	14,608
<i>Fund Balance Beginning of Year</i>	125,742	125,742	125,742	0
Prior Year Encumbrances Appropriated	450	450	450	0
<i>Fund Balance End of Year</i>	<u>\$126,242</u>	<u>\$138,983</u>	<u>\$153,591</u>	<u>\$14,608</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Permissive Motor Vehicle License Fund  
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$21,000	\$27,087	\$21,612	(\$5,475)
Interest	500	349	349	0
<i>Total Receipts</i>	<u>21,500</u>	<u>27,436</u>	<u>21,961</u>	<u>(5,475)</u>
<b>Disbursements</b>				
Current:				
Capital Outlay	20,000	20,000		20,000
<i>Total Disbursements</i>	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,500</u>	<u>7,436</u>	<u>21,961</u>	<u>14,525</u>
<b>Other Financing (Uses)</b>				
Transfers Out	(20,000)	(20,000)	(19,800)	200
<i>Total Other Financing (Uses)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,800)</u>	<u>200</u>
<i>Net Change in Fund Balance</i>	(18,500)	(12,564)	2,161	14,725
<i>Fund Balance Beginning of Year</i>	45,292	45,292	45,292	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$26,792</u>	<u>\$32,728</u>	<u>\$47,453</u>	<u>\$14,725</u>

See accompanying notes to the basic financial statements



**Village of South Point , Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire Department Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$64,600	\$57,944	\$54,337	(\$3,607)
Intergovernmental		14,877	18,484	3,607
Miscellaneous	1,000	6	6	0
<i>Total Receipts</i>	65,600	72,827	72,827	0
<b>Disbursements</b>				
Current:				
Security of Persons and Property	32,995	33,694	33,184	510
Capital Outlay	5,000	21,648	21,648	0
<i>Total Disbursements</i>	37,995	55,342	54,832	510
<i>Excess of Receipts Over (Under) Disbursements</i>	27,605	17,485	17,995	510
<b>Other Financing (Uses)</b>				
Transfers Out	(27,500)	(27,500)	(27,485)	15
<i>Total Other Financing (Uses)</i>	(27,500)	(27,500)	(27,485)	15
<i>Net Change in Fund Balance</i>	105	(10,015)	(9,490)	525
<i>Fund Balance Beginning of Year</i>	71,645	71,645	71,645	0
Prior Year Encumbrances Appropriated	395	395	395	0
<i>Fund Balance End of Year</i>	\$72,145	\$62,025	\$62,550	\$525

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**

*Statement of Fund Net Assets - Cash Basis*

*Proprietary Funds*

*December 31, 2004*

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	<u>Business-Type Activities</u>			
	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Sanitation</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Enterprise Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$120,530	\$435,883	\$2,475	\$558,888
<i>Total Assets</i>	<u>\$120,530</u>	<u>\$435,883</u>	<u>\$2,475</u>	<u>\$558,888</u>
<b>Net Assets</b>				
Unrestricted	<u>\$120,530</u>	<u>\$435,883</u>	<u>\$2,475</u>	<u>\$558,888</u>

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2004*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Sanitation Fund	
<b>Operating Receipts</b>				
Charges for Services	\$343,682	\$839,572	\$122,915	\$1,306,169
<i>Total Operating Receipts</i>	<u>343,682</u>	<u>839,572</u>	<u>122,915</u>	<u>1,306,169</u>
<b>Operating Disbursements</b>				
Personal Services	123,098	247,069		370,167
Fringe Benefits	51,378	154,457		205,835
Contractual Services	65,449	154,093	121,719	341,261
Materials and Supplies	48,935	85,998		134,933
<i>Total Operating Disbursements</i>	<u>288,860</u>	<u>641,617</u>	<u>121,719</u>	<u>1,052,196</u>
<i>Operating Income (Loss)</i>	54,822	197,955	1,196	253,973
<b>Non-Operating Receipts (Disbursements)</b>				
Sale of Fixed Assets	898	926		1,824
Miscellaneous Receipts	6,000			6,000
Capital Outlay	(51,444)	(28,850)		(80,294)
Principal Payments	(18,526)	(62,447)		(80,973)
Interest and Fiscal Charges	(28,510)	(101,814)		(130,324)
Total Non Operating Receipts (Disbursements)	<u>(91,582)</u>	<u>(192,185)</u>	<u>0</u>	<u>(283,767)</u>
<i>Income (Loss) before Transfers and Advances</i>	(36,760)	5,770	1,196	(29,794)
Transfers In	28,507	1,500		30,007
Transfers Out			(1,500)	(1,500)
<i>Change in Net Assets</i>	(8,253)	7,270	(304)	(1,287)
<i>Net Assets Beginning of Year</i>	<u>128,783</u>	<u>428,613</u>	<u>2,779</u>	<u>560,175</u>
<i>Net Assets End of Year</i>	<u>\$120,530</u>	<u>\$435,883</u>	<u>\$2,475</u>	<u>\$558,888</u>

See accompanying notes to the basic financial statements

**Village of South Point, Lawrence County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Fund*  
*December 31, 2004*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,349</u>
<i>Total Assets</i>	<u><u>\$1,349</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$1,349</u></u>

See accompanying notes to the basic financial statements

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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**Note 1 – Reporting Entity**

The Village of South Point, Lawrence County, Ohio (the Village), 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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village volunteer fire department fund receives money from a 2 mill property tax operating levy.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village of South Point has no component units.

**C. Joint Ventures**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in one public entity risk pool. This organization is the Ohio Municipal Joint Self-Insurance Pool. It is an unincorporated nonprofit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles. Note 7 to the financial statements provides additional information for the entity.

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

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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**Note 2 – Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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

**B. Fund Accounting**

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

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Fund, Permissive Motor Vehicle License Fund, Fire Department Fund, Boat Ramp Improvement Fund, and the Water Improvement Project Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds**

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

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water, sewer and sanitation funds.

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

**Sewer Operating Fund** - The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village and within our sewer district.

**Sanitation Fund** - The Sanitation Fund accounts for the provision of garbage removal services to residents of the Village.

**Internal Service Fund** - Internal service funds account for services provided by one department of the Village to another on a cost-reimbursement basis. The Village has no internal service funds.

**Fiduciary Funds**

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no private purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village has one

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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agency fund, the Mayor's Court. This fund pays into the Village and the State of Ohio each month all receipts received through the issuance of various fines.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

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

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

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

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

E. Cash and Cash Equivalents

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as



**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2004 and 2005, the Village only invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 and 2004 were \$14,054 and \$3,729, respectively, and \$4,442 and \$1,323, respectively, was credited to other Village funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Long-Term Obligations

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

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for operations of the fire department and maintenance of roads.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include resources restricted for Street Fund, Permissive Motor Vehicle License Fund, and Fire Department Fund.

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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**L. Fund Balance Reserves**

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

**M. Interfund Transactions**

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

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

**Note 3 – Change in Basis of Accounting and Accounting Principles**

For 2003, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2004 and 2005, the Village has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

The Village has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures". GASB Statement No. 40 modifies the disclosures for deposits and investments, and had no material effect on the financial statements.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Street Fund, Permissive Motor Vehicle License Fund, and Fire Department Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). In 2005, the encumbrances outstanding at year end (budgetary basis) amounted to \$249 for the General Fund and \$517 for the Street Fund. In 2004, the encumbrances outstanding at year end (budgetary basis) amounted to \$556 for the General Fund and \$445 for the Street Fund.

**Note 5 – Deposits**

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

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

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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

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

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

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

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

#### Deposits

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

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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one hundred five percent of the deposits being secured.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the years ended December 31, 2005 and 2004, was 6.1 mills. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

	<u>2005</u>	<u>2004</u>
Real Property		
Residential/Agriculture	\$37,792,610	\$35,297,870
Public Utility Property	\$5,914,540	\$6,035,350
Tangible Personal Property	\$4,052,140	\$4,446,310
Total Assessed Value	\$47,759,290	\$45,779,530

**Note 7 – Risk Management**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated tax exempt non-profit organization, governed by its member municipalities. The Pool is sponsored by the Ohio Municipal League and is administered and operated by JWF Specialty Company. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

General liability coverage and automobile coverage at December 31, 2005 and 2004 protected against individual losses up to \$1,000,000.

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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Property coverage for buildings protects against losses, subject to a deductible of \$1,000, limited to an annual aggregate loss of approximately \$2,000,000.

The Village entered into a participation agreement with the Pool which provides for additional assessments to its members if contributions are insufficient to meet its obligations.

**Note 8 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

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

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

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$59,793, \$63,943, and \$59,770 respectively. The full amount has been contributed for 2005, 2004 and 2003.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the Village is required to contribute 11.75 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2005, 2004, and 2003 were \$11,157, \$13,541, and \$13,254. The full amount has been contributed for 2005, 2004 and 2003.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$17,702. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2005 and 2004 that were used to fund post employment benefits were \$4,434 and \$5,382, respectively, for police. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

**Note 10 - Notes Payable**

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance at December 31, 2004	Additions	Reductions	Balance at December 31, 2005
<u>Retaining Wall Improvements</u>					
<u>Bond Anticipation Note</u>	3.52%	\$0	\$62,000	\$0	\$62,000

The Retaining Wall Improvement Note was issued to fund improvements for the retaining wall at the boat ramp on 2<sup>nd</sup> and Ferry Street. Note proceeds had not been spent by year end. The bond anticipation note was backed by the full faith and credit of the Village and matured within one year.

A summary of the note transactions for the year ended December 31, 2004, follows:

	Interest Rate	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004
<u>Water Improvement Bond</u>					
<u>Anticipation Note</u>	1.45%	\$600,000	\$0	\$600,000	\$0

Water Improvement Note was issued to fund improvements to the Village's water system. All note proceeds had been spent by year end. The bond anticipation note was backed by the full faith and credit of the Village and matured within one year.

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

**Note 11 – Debt**

The Village's long-term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<b><u>Governmental Activities</u></b>						
General Obligation Bonds						
Fire Truck Bond (1996)	5.74%	\$30,000		\$30,000	\$0	\$0
Street Repaving Bond (2002)	4.75%	232,300		28,700	203,600	30,100
Total General Obligation Bonds		262,300		58,700	203,600	30,100
<b><u>Business Type Activities</u></b>						
Solida Sewer G.O. Bond (2002)	4.5%	887,200		9,700	877,500	10,200
<b><u>OWDA Mortgage Revenue Bonds</u></b>						
Step 3 Sewer Bond (1989)	8.47%	30,645		2,232	28,413	2,421
SubWaterworks Bond (1990)	7.89%	288,050		19,988	268,062	21,565
1 <sup>st</sup> Mortgage Sewer Bond (1990)	7.89%	794,365		55,121	739,244	59,470
Total Mortgage Revenue Bonds		1,113,060		77,341	1,035,719	83,456
OPWC Water Improvement Bond (2004)	0%	115,174		5,759	109,415	5,759
Total Business Type Activities		2,115,434		92,800	2,022,634	99,415
Total		\$2,377,734		\$151,500	\$2,226,234	\$129,515

The Village's long-term debt activity for the year ended December 31, 2004, was as follows:

	Interest Rate	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004	Due Within One Year
<b><u>Governmental Activities</u></b>						
General Obligation Bonds						
Fire Truck Bond (1996)	5.74%	\$55,000		\$25,000	\$30,000	\$30,000
Street Repaving Bond (2002)	4.75%	259,800		27,500	232,300	28,700
Total General Obligation Bonds		314,800		52,500	262,300	58,700
<b><u>Business Type Activities</u></b>						
Solida Sewer G.O. Bond (2002)	4.5%	896,500		9,300	887,200	9,700
<b><u>OWDA Mortgage Revenue Bonds</u></b>						
Step 3 Sewer Bond (1989)	8.47%	32,702		2,057	30,645	2,232
SubWaterworks Bond (1990)	7.89%	306,576		18,526	288,050	19,988
1 <sup>st</sup> Mortgage Sewer Bond (1990)	7.89%	845,455		51,090	794,365	55,121
Total Mortgage Revenue Bonds		1,184,733		71,673	1,113,060	77,341
OPWC Water Improvement Bond (2004)	0%		115,174		115,174	5,759
Total Business Type Activities		2,081,233	115,174	80,973	2,115,434	92,800
Total		\$2,396,033	\$115,174	\$133,473	\$2,377,734	\$151,500

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.



**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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The business-type loans were obtained to make improvements to the water and sewer systems and are secured by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

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

Governmental Type Activity Debt			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$30,100	\$9,671	\$39,771
2007	31,600	8,241	39,841
2008	33,000	6,740	39,740
2009	34,700	5,173	39,873
2010	36,200	3,525	39,725
2011-2015	38,000	1,805	39,805
Total	203,600	35,155	238,755

Business Type Activity Debt			
Total OWDA Mortgage Revenue Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$83,455	\$72,500	\$155,955
2007	90,054	66,659	156,713
2008	97,175	60,355	157,530
2009	104,858	53,553	158,411
2010	113,149	46,212	159,361
2011-2015	547,028	99,565	646,593
Total :	1,035,719	398,844	1,434,563

OPWC Water System Improvement Bond			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$5,759	\$-	\$5,759
2007	5,759	-	5,759
2008	5,759	-	5,759
2009	5,759	-	5,759
2010	5,759	-	5,759
2011-2015	28,794	-	28,794
2016-2020	28,794	-	28,794
2021-2025	23,032	-	23,032
Total	109,415	-	109,415

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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Solida Sewer General Obligation Bond

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$10,200	\$39,488	\$49,688
2007	10,700	39,029	49,729
2008	11,100	38,547	49,647
2009	11,600	38,048	49,648
2010	12,100	37,526	49,626
2011-2015	69,500	178,925	248,425
2016-2020	86,500	161,829	248,329
2021-2025	107,800	140,531	248,331
2026-2030	134,400	113,985	248,385
2031-2035	167,400	80,906	248,306
2036-2040	208,700	39,686	248,386
2041-2045	47,500	2,138	49,638
Total	877,500	910,638	1,788,138

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2005 and 2004 respectively were an overall debt margin of \$3,933,615 and \$3,657,351 and an unvoted debt margin of \$1,545,661 and \$1,368,374.

**Note 12 – Interfund Transfers**

The following transfers were made:

From:	To:	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>
Street Fund	Street Repaving Bond Fund	\$19,920	\$19,800
Permissive Motor Vehicle License Fund	Street Repaving Bond Fund	19,920	19,800
Fire Department Fund	Fire Truck Bond Fund	30,900	27,485
Water Improvement Project Fund	Water Operating Fund		28,507
Sanitation Fund	Sewer Fund	<u>1,500</u>	<u>1,500</u>
	Total Transfers	<u>\$72,240</u>	<u>\$97,092</u>

Transfers represent the allocation of receipts collected in the various funds to finance bond payments and reserve accounts accounted for in other funds in accordance with budgetary authorizations

**Village of South Point**  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004

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**Note 13 – Contingent Liabilities**

The Village is currently the defendant in a few lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

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## Auditor of State Betty Montgomery

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

Village of South Point  
Lawrence County  
408 2<sup>nd</sup> Street West  
South Point, Ohio 45680

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Point, Lawrence County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 10, 2006 wherein we noted the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. We also noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated July 10, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2005-001. In a separate letter to the Village's management dated July 10, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Village of South Point  
Lawrence County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Village Council. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

July 10, 2006

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2005-001**

**Finding for Recovery - Repaid Under Audit**

Ohio Rev. Code Section 2949.091 (A)(1) states that 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 sum of fifteen dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such 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 into the general revenue fund. The court shall not waive the payment of the additional fifteen dollars court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Prior to September 26, 2003, the court costs noted above were \$11; however, they were raised to \$15 as a result of House Bill 95. The Mayor's Court was not aware the court costs had increased and did not raise the court fee until approximately March 2004.

From January to March 2004, the Mayor's Court had 30 cases in which it only collected and paid to the Treasurer of the State of Ohio the \$11 fee. Based on the change House Bill 95 made to Ohio Rev. Code Section 2949.091(A)(1), the Mayor's Court should have collected an additional \$120 that is due to the State of Ohio to be deposited by the Treasurer of State into the General Revenue Fund.

In accordance to the foregoing facts and pursuant to the Ohio Rev. Code Section 117.28, we hereby issue a Finding for Recovery against Mayor William Gaskin in the amount of \$120 for public monies due but not collected, and in favor of the State of Ohio, General Fund. The finding was paid by the Village of South Point with check number 1093, dated July 11, 2006, in the amount of \$120.

**Official's Response**

In regards to finding for recovery number 2005-001 on our 2004-2005 audit report, the Mayor's Court for the Village of South Point was not notified of the increase from \$11.00 to \$15.00 per fine that House Bill 95 changed ORC section 2949.091 (A)(1) that took effect September 26, 2003. As soon as we learned of the increase we started collecting the additional \$4.00 per fine in March of 2004. I feel the State needs to make a better effort in notifying the Mayor's Courts, as there were many that had the same problem, of changes made that affect us.

We will be paying the State the amount of \$120.00 on July 12, 2006 as required by the finding.

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	Contrary to Ohio Rev. Code Section 2949.091, the Village Mayor's Court did not increase court costs effective September 26, 2003.	No	Reissued as Finding Number 2005-001.





**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**VILLAGE OF SOUTH POINT**

**LAWRENCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 3, 2006**