



Mary Taylor, CPA  
Auditor of State



VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY

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LAWRENCE COUNTY

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# Mary Taylor, CPA

Auditor of State

## 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, 2009 and 2008, 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 processes its financial transactions with 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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 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 2, 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, 2009 and 2008, and the respective changes in financial position and the respective budgetary comparisons for the General, Street, Permissive Motor Vehicle License Tax and Fire Department Funds for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

November 18, 2010

**Village of South Point, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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This discussion and analysis of the Village of South Point's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2009 and 2008, 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 2009 are as follows:

Net assets of governmental activities decreased \$87,977 or 20 percent, a significant change from the prior year. The reason for the decrease was due to an increase in Police Department expenditures.

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 and park improvements for tax years 2009 through 2013. 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.

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 Street Permissive Vehicle Tax that is used for street maintenance. On December 1, 2009, the Village passed the first reading of an ordinance to add an additional \$5 Street Permissive Vehicle Tax as allowed by Ohio Rev. Code Section 4504.17.

The Water Operating, Sewer Operating and Sanitation Funds are included amongst the Village's 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 Appalachian Regional Commission and the Village. The \$1,172,000 project plans were created in 2008 and construction began in May 2008. The project was completed in February 2009 with the Village spending \$161,000 in sewer fund money plus Village labor.

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$59,721 or 12 percent, a significant change from the prior year. The reason for the decrease was due to \$65,000 being spent to repave 3 Village streets in 2008.

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

**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.

**Village of South Point, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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**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 2009 and 2008, 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 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 and permits and state and federal grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.



**Village of South Point, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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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. In 2009, the Village's major governmental funds were the General Fund, Street Fund, Permissive Motor Vehicle License Tax Fund and Fire Department Fund. In 2008, the Village's major governmental funds were the General Fund, Street Fund and Fire Department 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 in 2009: Water Operating Fund, Sewer Operating Fund, 1<sup>st</sup> Mortgage Sewer Bond Fund and Water Reserve Fund. The Village had the following major enterprise funds in 2008: Water Operating Fund, Sewer Operating Fund, Sewer Improvement Project Fund and 1<sup>st</sup> Mortgage Sewer Bond 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.

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 compared to 2007.

**Village of South Point, Lawrence County**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2009 and 2008**  
**Unaudited**

(Table 1)  
**Net Assets**

	Governmental Activities			Business-Type Activities			Total		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
<b>Assets</b>									
Cash and Cash Equivalents	\$361,420	\$449,397	\$509,118	\$416,066	\$483,408	\$612,442	\$777,486	\$932,805	\$1,121,560
Total Assets	<u>\$361,420</u>	<u>\$449,397</u>	<u>\$509,118</u>	<u>\$416,066</u>	<u>\$483,408</u>	<u>\$612,442</u>	<u>\$777,486</u>	<u>\$932,805</u>	<u>\$1,121,560</u>
<b>Net Assets</b>									
Restricted for:									
Debt Service	\$29,399	\$29,358	\$29,330				\$29,399	\$29,358	\$29,330
Other Purposes	192,006	240,513	293,447				192,006	240,513	293,447
Unrestricted	140,015	179,526	186,341	\$416,066	\$483,408	\$612,442	556,081	662,934	798,783
Total Net Assets	<u>\$361,420</u>	<u>\$449,397</u>	<u>\$509,118</u>	<u>\$416,066</u>	<u>\$483,408</u>	<u>\$612,442</u>	<u>\$777,486</u>	<u>\$932,805</u>	<u>\$1,121,560</u>

As mentioned previously, net assets of governmental activities decreased \$87,977 or 20 percent during 2009. The primary reason contributing to the decreases in cash balances is due to an increase in Police Department collections followed by an increase in Police Department and Fire Department expenditures.

Table 2 reflects the changes in net assets in 2009 and 2008 and the comparisons to fiscal year 2007.

**Village of South Point, Lawrence County**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2009 and 2008**  
**Unaudited**

	Governmental Activities 2009	Business Type Activities 2009	Total 2009	Governmental Activities 2008	Business Type Activities 2008	Total 2008	Governmental Activities 2007	Business Type Activities 2007	Total 2007
<b>Receipts:</b>									
<b>Program Receipts:</b>									
Charges for Services and Sales	\$92,968	\$1,574,407	\$1,667,375	\$96,476	\$1,567,993	\$1,664,469	\$31,523	\$1,446,790	\$1,478,313
Operating Grants and Contributions	241,520		241,520	248,434		248,434	246,339		246,339
Capital Grants and Contributions	4,000	20,831	24,831	845	253,624	254,469		25,545	25,545
<b>Total Program Receipts</b>	<b>338,488</b>	<b>1,595,238</b>	<b>1,933,726</b>	<b>345,755</b>	<b>1,821,617</b>	<b>2,167,372</b>	<b>277,862</b>	<b>1,472,335</b>	<b>1,750,197</b>
<b>General Receipts:</b>									
Property and Other Local Taxes	170,314		170,314	174,841		174,841	162,964		162,964
Other Taxes	47,928		47,928	16		16			
Grants and Entitlements Not Restricted to Specific Programs	59,823		59,823	61,660		61,660	114,032		114,032
Sale of Notes			0		600,000	600,000			
Sale of Bonds		70,127	70,127		673,080	673,080	170,938	57,552	228,490
Sale of Capital Assets	1,560	12,157	13,717	2,020	11,565	13,585	4,630	11,885	16,515
Interest	2,257		2,257	15,864		15,864	40,702		40,702
Miscellaneous	5,739	6,900	12,639	8,909	6,900	15,809	4,644	6,900	11,544
<b>Total General Receipts</b>	<b>287,621</b>	<b>89,184</b>	<b>376,805</b>	<b>263,310</b>	<b>1,291,545</b>	<b>1,554,855</b>	<b>497,910</b>	<b>76,337</b>	<b>574,247</b>
<b>Total Receipts</b>	<b>626,109</b>	<b>1,684,422</b>	<b>2,310,531</b>	<b>609,065</b>	<b>3,113,162</b>	<b>3,722,227</b>	<b>775,772</b>	<b>1,548,672</b>	<b>2,324,444</b>
<b>Disbursements:</b>									
General Government	70,117		70,117	59,860		59,860	54,211		54,211
Security of Persons and Property	328,320		328,320	260,812		260,812	195,921		195,921
Transportation	236,060		236,060	265,287		265,287	177,971		177,971
Capital Outlay	17,818		17,818	21,187		21,187	194,513		194,513
Principal Payments	49,098		49,098	46,750		46,750	31,600		31,600
Interest and Fiscal Charges	12,673		12,673	14,890		14,890	8,241		8,241
Water Operating Fund		436,272	436,272		372,042	372,042		344,764	344,764
Sewer Operating Fund		828,828	828,828		870,945	870,945		765,872	765,872
Sanitation Fund		143,367	143,367		140,946	140,946		140,889	140,889
Sewer Improvement Fund		99,337	99,337		1,595,351	1,595,351		78,262	78,262
Solida Sewer Bond Fund		49,647	49,647		49,647	49,647		49,729	49,729
Sub Waterworks Bond Fund		40,951	40,951		40,728	40,728		40,521	40,521
1st Mortgage Sewer Bond Fund		112,933	112,933		112,317	112,317		111,746	111,746
Step 3 Sewer Bond Fund		4,526	4,526		4,484	4,484		4,445	4,445
Water Improvement Bond Fund		5,759	5,759		5,759	5,759		5,759	5,759
Sewer Reserve Fund		15,144	15,144		49,977	49,977		2,352	2,352
Water Reserve Fund		15,000	15,000		0	0		0	0
<b>Total Disbursements</b>	<b>714,086</b>	<b>1,751,764</b>	<b>2,465,850</b>	<b>668,786</b>	<b>3,242,196</b>	<b>3,910,982</b>	<b>662,457</b>	<b>1,544,339</b>	<b>2,206,796</b>
Increase (Decrease) in Net Assets	(87,977)	(67,342)	(155,319)	(59,721)	(129,034)	(188,755)	113,315	4,333	117,648
Net Assets, January 1	449,397	483,408	932,805	509,118	612,442	1,121,560	395,803	608,109	1,003,912
<b>Net Assets, December 31</b>	<b>\$361,420</b>	<b>\$416,066</b>	<b>\$777,486</b>	<b>\$449,397</b>	<b>\$483,408</b>	<b>\$932,805</b>	<b>\$509,118</b>	<b>\$612,442</b>	<b>\$1,121,560</b>

In 2009, governmental activities program receipts represent 54% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

In 2008, governmental activities program receipts represent 57% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

In 2009, governmental activities general receipts represent 46% of the Village's total governmental receipts, and of this amount, 76% are property and local taxes. Other receipts such as inheritance tax, court fines and interest are somewhat unpredictable revenue sources.

**Village of South Point, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

In 2008, governmental activities general receipts represent 43% of the Village's total governmental receipts, and of this amount, 66% are property and local taxes. Other receipts such as court fines and interest are somewhat unpredictable revenue sources.

In 2009 and 2008, 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, fiscal officer, 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 2009, the major program disbursements for governmental activities are for transportation and security of persons and property, which account for 33 and 46 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 10 percent. In 2008, the major program disbursements for governmental activities are for transportation and security of persons and property which account for 40 and 39 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)  
**Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008	2007	2007
General Government	\$70,117	(\$18,776)	\$59,860	(\$31,946)	\$54,211	\$27,043
Security of Persons & Property	328,320	324,320	260,812	259,967	195,921	192,861
Community Environment		(35)		(710)		(300)
Basic Utility Services		(4,040)		(3,960)		(4,055)
Transportation	236,060	(5,460)	265,287	16,853	177,971	(65,308)
Capital Outlay	17,818	17,818	21,187	21,187	194,513	194,513
Principal Payments	49,098	49,098	46,750	46,750	31,600	31,600
Interest and Fiscal Charges	12,673	12,673	14,890	14,890	8,241	8,241
Total Expenses	\$714,086	\$375,598	\$668,786	\$323,031	\$662,457	\$384,595

**Village of South Point, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
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. A new water telemetry system was installed in November 2009 at a cost of \$54,700 which updated the water system. The Village also applied for Issue I funding to replace about 1 mile of 8" C-900 waterline and valves and resident service connections along 4<sup>th</sup> Street as the present original line is decaying and frequently breaking. The project is estimated to cost \$386,315. The sewer system improvement project began in May 2008 and was completed in February 2009. The cost of the project was over \$1,300,000 and increased the sewer plant capacity from 1.2 MGD to 1.8 MGD.

**The Village's Funds**

In 2009, total governmental funds had receipts, including the sale of assets, of \$626,109 and disbursements of \$714,086. The General Fund decreased \$39,511 due to an increase in Police Department expenditures. The Street Fund decreased \$34,127 in 2009 due to paving that was done within the Village. Also, the Fire Department Fund decreased \$15,043 due to an increase in expenditures.

In 2008, total governmental funds had receipts, including insurance reimbursement and the sale of capital assets, of \$609,065 and disbursements of \$668,786. The General Fund decreased \$6,815 which was mainly due to decrease in interest received. The Street Fund decreased by \$55,718 due to paving that was done within the Village.

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 76% 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 2009, the Village amended the General Fund expense appropriations for various purposes. Final actual receipts were above original budgeted receipts due to unexpected increase in fines from Mayor's Court.

Final disbursements were budgeted at \$367,399 while actual disbursements were \$346,555. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. However, due to an increase in Police Department expenditures, the fund balance decreased \$39,620 for 2009.

During 2008, the amended the General Fund expense appropriation for various purposes. Final budgeted receipts were above original budgeted receipts due to unexpected increase in fines from Mayor's Court.

Final disbursements were budgeted at \$310,117 while actual disbursements were \$287,667. 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 \$7,544 for 2008.

**Village of South Point, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
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, 2009, the Village's outstanding debt included \$1,050,897 in general obligation bonds issued for improvements to streets and sewers and for the purchase of fire truck and \$660,177 in mortgage revenue and improvement bonds for various water and sewer loans. The Village also had \$877,105 in Ohio Public Works Commission bonds outstanding. For further information regarding the Village's debt, refer to the basic financial statements, Note 11.

**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. The Village has never imposed an income tax on its residents to this point.

The Village has tried several times to pass an additional levy to operate a larger police department, but voters have always rejected the levy. Council is in the process for passing an additional \$5.00 Street Permissive Vehicle Tax so village streets can be well maintained. The Village tries to repave all streets every 10 years and the permissive tax helps pay the bond payments for this. The water and sewer systems require constant maintenance and repair and the Village has been able to keep up with this expense with its experienced work force and keeping resident's water and sewer flat rate bills low compared to other municipalities.

**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, 2009

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$361,420	\$416,066	\$777,486
<i>Total Assets</i>	<u>\$361,420</u>	<u>\$416,066</u>	<u>\$777,486</u>
<b>Net Assets</b>			
Restricted for:			
Debt Service	\$29,399		\$29,399
Other Purposes	192,006		192,006
Unrestricted	140,015	\$416,066	556,081
<i>Total Net Assets</i>	<u>\$361,420</u>	<u>\$416,066</u>	<u>\$777,486</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, 2009**

	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	\$70,117	\$88,893			\$18,776		\$18,776
Security of Persons and Property	328,320			\$4,000	(324,320)		(324,320)
Community Environment		35			35		35
Basic Utility Services		4,040			4,040		4,040
Transportation	236,060		\$241,520		5,460		5,460
Capital Outlay	17,818				(17,818)		(17,818)
Principal Payments	49,098				(49,098)		(49,098)
Interest and Fiscal Charges	12,673				(12,673)		(12,673)
<i>Total Governmental Activities</i>	<u>714,086</u>	<u>92,968</u>	<u>241,520</u>	<u>4,000</u>	<u>(375,598)</u>	<u>\$0</u>	<u>(375,598)</u>
<b>Business Type Activities</b>							
Water Operating	436,272	441,707				5,435	5,435
Sewer Operating	828,828	988,415				159,587	159,587
Sanitation	143,367	144,285				918	918
Sewer Improvement Fund	99,337			20,831	(78,506)		(78,506)
Solida Sewer Bond	49,647				(49,647)		(49,647)
Sub Waterworks Bond	40,951				(40,951)		(40,951)
1st Mortgage Sewer Bond	112,933				(112,933)		(112,933)
Step 3 Sewer Bond	4,526				(4,526)		(4,526)
Water Improvement Bond	5,759				(5,759)		(5,759)
Sewer Reserve	15,144				(15,144)		(15,144)
Water Reserve	15,000				(15,000)		(15,000)
<i>Total Business-Type Activities</i>	<u>1,751,764</u>	<u>1,574,407</u>	<u>0</u>	<u>20,831</u>	<u>0</u>	<u>(156,526)</u>	<u>(156,526)</u>
<b>Total</b>	<u><u>\$2,465,850</u></u>	<u><u>\$1,667,375</u></u>	<u><u>\$241,520</u></u>	<u><u>\$24,831</u></u>	<u><u>(375,598)</u></u>	<u><u>(156,526)</u></u>	<u><u>(532,124)</u></u>
<b>General Receipts</b>							
Property Taxes Levied for:							
					170,314		170,314
					47,928		47,928
					59,823		59,823
						70,127	70,127
					1,560	12,157	13,717
					2,257		2,257
					5,739	6,900	12,639
<i>Total General Receipts</i>					<u>287,621</u>	<u>89,184</u>	<u>376,805</u>
Change in Net Assets					(87,977)	(67,342)	(155,319)
<i>Net Assets Beginning of Year</i>					<u>449,397</u>	<u>483,408</u>	<u>932,805</u>
<i>Net Assets End of Year</i>					<u><u>\$361,420</u></u>	<u><u>\$416,066</u></u>	<u><u>\$777,486</u></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, 2009

	General	Street Fund	Permissive Motor Vehicle License Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash	\$140,015	\$108,163	\$42,912	\$40,931	\$29,399	\$361,420
<i>Total Assets</i>	<u>\$140,015</u>	<u>\$108,163</u>	<u>\$42,912</u>	<u>\$40,931</u>	<u>\$29,399</u>	<u>\$361,420</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$109	\$34	\$0	\$0	\$0	\$143
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	139,906					139,906
Special Revenue Funds		108,129	42,912	40,931		191,972
Debt Service Fund					29,399	29,399
<i>Total Fund Balances</i>	<u>\$140,015</u>	<u>\$108,163</u>	<u>\$42,912</u>	<u>\$40,931</u>	<u>\$29,399</u>	<u>\$361,420</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, 2009

	General Fund	Street Fund	Permissive Motor Vehicle License Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$113,400			\$58,245		\$171,645
Charges for Services	4,040					4,040
Fines, Licenses and Permits	135,525					135,525
Intergovernmental	49,362	\$219,174	\$22,346	14,461		305,343
Interest	1,787	357	113			2,257
Miscellaneous	1,261	2,358		2,120		5,739
<i>Total Receipts</i>	<u>305,375</u>	<u>221,889</u>	<u>22,459</u>	<u>74,826</u>	<u>0</u>	<u>624,549</u>
<b>Disbursements</b>						
Current:						
General Government	70,117					70,117
Security of Persons and Property	270,004			58,316		328,320
Transportation		236,060				236,060
Capital Outlay	6,325		1,840	9,653		17,818
Debt Service:						
Principal Retirement					49,098	49,098
Interest and Fiscal Charges					12,673	12,673
<i>Total Disbursements</i>	<u>346,446</u>	<u>236,060</u>	<u>1,840</u>	<u>67,969</u>	<u>61,771</u>	<u>714,086</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,071)</u>	<u>(14,171)</u>	<u>20,619</u>	<u>6,857</u>	<u>(61,771)</u>	<u>(89,537)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	1,560					1,560
Transfers In					61,812	61,812
Transfers Out		(19,956)	(19,956)	(21,900)		(61,812)
<i>Total Other Financing Sources (Uses)</i>	<u>1,560</u>	<u>(19,956)</u>	<u>(19,956)</u>	<u>(21,900)</u>	<u>61,812</u>	<u>1,560</u>
<i>Net Change in Fund Balances</i>	<u>(39,511)</u>	<u>(34,127)</u>	<u>663</u>	<u>(15,043)</u>	<u>41</u>	<u>(87,977)</u>
<i>Fund Balances Beginning of Year</i>	<u>179,526</u>	<u>142,290</u>	<u>42,249</u>	<u>55,974</u>	<u>29,358</u>	<u>449,397</u>
<i>Fund Balances End of Year</i>	<u>\$140,015</u>	<u>\$108,163</u>	<u>\$42,912</u>	<u>\$40,931</u>	<u>\$29,399</u>	<u>\$361,420</u>

See accompanying notes to the basic financial statements

**Village of South Point, Lawrence County**  
*Adjusted Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$117,240	\$117,240	\$113,400	(\$3,840)
Charges for Services	3,300	3,300	4,040	740
Fines, Licenses and Permits	75,500	75,500	135,525	60,025
Intergovernmental	55,000	55,000	49,362	(5,638)
Interest	15,000	15,000	1,787	(13,213)
Miscellaneous	3,000	3,000	1,261	(1,739)
<i>Total Receipts</i>	269,040	269,040	305,375	36,335
<b>Disbursements</b>				
Current:				
General Government	61,322	75,622	70,226	5,396
Security of Persons and Property	233,327	285,452	270,004	15,448
Leisure Time Activities	11,000			0
Capital Outlay	6,000	6,325	6,325	0
<i>Total Disbursements</i>	311,649	367,399	346,555	20,844
<i>Excess of Receipts Over (Under) Disbursements</i>	(42,609)	(98,359)	(41,180)	57,179
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			1,560	1,560
Other Financing Uses	3,000			0
<i>Total Other Financing Sources (Uses)</i>	3,000	0	1,560	1,560
<i>Net Change in Fund Balance</i>	(39,609)	(98,359)	(39,620)	58,739
<i>Fund Balance Beginning of Year</i>	178,797	178,797	178,797	0
Prior Year Encumbrances Appropriated	729	729	729	0
<i>Fund Balance End of Year</i>	\$139,917	\$81,167	\$139,906	\$58,739

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, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$230,000	\$230,000	\$219,174	(\$10,826)
Interest	3,000	3,000	357	(2,643)
Miscellaneous	1,000	1,000	2,358	1,358
<i>Total Receipts</i>	<u>234,000</u>	<u>234,000</u>	<u>221,889</u>	<u>(12,111)</u>
<b>Disbursements</b>				
Current:				
Transportation	238,293	251,293	236,094	15,199
<i>Total Disbursements</i>	<u>238,293</u>	<u>251,293</u>	<u>236,094</u>	<u>15,199</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,293)</u>	<u>(17,293)</u>	<u>(14,205)</u>	<u>3,088</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(20,000)	(20,000)	(19,956)	44
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,956)</u>	<u>44</u>
<i>Net Change in Fund Balance</i>	(24,293)	(37,293)	(34,161)	3,132
<i>Fund Balance Beginning of Year</i>	141,997	141,997	141,997	0
Prior Year Encumbrances Appropriated	293	293	293	0
<i>Fund Balance End of Year</i>	<u>\$117,997</u>	<u>\$104,997</u>	<u>\$108,129</u>	<u>\$3,132</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 Tax Fund  
 For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$23,000	\$23,000	\$22,346	(\$654)
Interest	600	600	113	(487)
<i>Total Receipts</i>	<u>23,600</u>	<u>23,600</u>	<u>22,459</u>	<u>(1,141)</u>
<b>Disbursements</b>				
Capital Outlay	5,000	5,000	1,840	3,160
<i>Total Disbursements</i>	<u>5,000</u>	<u>5,000</u>	<u>1,840</u>	<u>3,160</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,600</u>	<u>18,600</u>	<u>20,619</u>	<u>2,019</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(20,000)	(20,000)	(19,956)	44
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,956)</u>	<u>44</u>
<i>Net Change in Fund Balance</i>	(1,400)	(1,400)	663	2,063
<i>Fund Balance Beginning of Year</i>	42,249	42,249	42,249	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u><u>\$40,849</u></u>	<u><u>\$40,849</u></u>	<u><u>\$42,912</u></u>	<u><u>\$2,063</u></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, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$62,500	\$62,500	\$58,245	(\$4,255)
Intergovernmental	8,000	8,000	14,461	6,461
Miscellaneous	2,000	2,000	2,120	120
<i>Total Receipts</i>	72,500	72,500	74,826	2,326
<b>Disbursements</b>				
Current:				
Security of Persons and Property	59,048	66,348	58,316	8,032
Capital Outlay	10,000	11,851	9,653	2,198
<i>Total Disbursements</i>	69,048	78,199	67,969	10,230
<i>Excess of Receipts Over (Under) Disbursements</i>	3,452	(5,699)	6,857	12,556
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(21,900)	(21,900)	(21,900)	0
<i>Total Other Financing Sources (Uses)</i>	(21,900)	(21,900)	(21,900)	0
<i>Net Change in Fund Balance</i>	(18,448)	(27,599)	(15,043)	12,556
<i>Fund Balance Beginning of Year</i>	53,294	53,294	53,294	0
Prior Year Encumbrances Appropriated	2,680	2,680	2,680	0
<i>Fund Balance End of Year</i>	\$37,526	\$28,375	\$40,931	\$12,556

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, 2009*

	Business-Type Activities					Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	1st Mortgage Sewer Bond Fund	Water Reserve Fund	Other Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$143,522	\$48,915	\$56,920	\$42,144	\$124,565	\$416,066
<i>Total Assets</i>	<u>\$143,522</u>	<u>\$48,915</u>	<u>\$56,920</u>	<u>\$42,144</u>	<u>\$124,565</u>	<u>\$416,066</u>
<b>Net Assets</b>						
Unrestricted	<u>\$143,522</u>	<u>\$48,915</u>	<u>\$56,920</u>	<u>\$42,144</u>	<u>\$124,565</u>	<u>\$416,066</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, 2009*

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	1st Mortgage Sewer Bond	Water Reserve Fund	Other Enterprise Funds	
<b>Operating Receipts</b>						
Charges for Services	\$441,707	\$988,415			\$144,285	\$1,574,407
<i>Total Operating Receipts</i>	<u>441,707</u>	<u>988,415</u>	<u>\$0</u>	<u>\$0</u>	<u>144,285</u>	<u>1,574,407</u>
<b>Operating Disbursements</b>						
Personal Services	138,428	309,361				447,789
Fringe Benefits	89,324	230,648				319,972
Contractual Services	89,563	187,523			143,367	420,453
Materials and Supplies	51,341	78,474				129,815
<i>Total Operating Disbursements</i>	<u>368,656</u>	<u>806,006</u>	<u>0</u>	<u>0</u>	<u>143,367</u>	<u>1,318,029</u>
<i>Operating Income (Loss)</i>	73,051	182,409	0	0	918	256,378
<b>Non-Operating Receipts (Disbursements)</b>						
Intergovernmental					20,831	20,831
Sale of Bonds					70,127	70,127
Sale of Capital Assets	300	11,857				12,157
Miscellaneous Receipts	6,900					6,900
Capital Outlay	(67,616)	(22,821)		(15,000)	(94,206)	(199,643)
Principal Payments			(74,686)		(67,807)	(142,493)
Interest and Fiscal Charges			(38,247)		(53,352)	(91,599)
Total Non Operating Receipts (Disbursements)	<u>(60,416)</u>	<u>(10,964)</u>	<u>(112,933)</u>	<u>(15,000)</u>	<u>(124,407)</u>	<u>(323,720)</u>
<i>Income (Loss) before Transfers</i>	12,635	171,445	(112,933)	(15,000)	(123,489)	(67,342)
Transfers In		1,500	103,400	12,000	131,508	248,408
Transfers Out	(58,680)	(188,228)			(1,500)	(248,408)
<i>Change in Net Assets</i>	(46,045)	(15,283)	(9,533)	(3,000)	6,519	(67,342)
<i>Net Assets Beginning of Year</i>	<u>189,567</u>	<u>64,198</u>	<u>66,453</u>	<u>45,144</u>	<u>118,046</u>	<u>483,408</u>
<i>Net Assets End of Year</i>	<u>\$143,522</u>	<u>\$48,915</u>	<u>\$56,920</u>	<u>\$42,144</u>	<u>\$124,565</u>	<u>\$416,066</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, 2009*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,519</u>
<i>Total Assets</i>	<u><u>\$4,519</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$4,519</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County

Statement of Net Assets - Cash Basis

December 31, 2008

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$449,397	\$483,408	\$932,805
<i>Total Assets</i>	<u>\$449,397</u>	<u>\$483,408</u>	<u>\$932,805</u>
<b>Net Assets</b>			
Restricted for:			
Debt Service	\$29,358		\$29,358
Other Purposes	240,513		240,513
Unrestricted	179,526	\$483,408	662,934
<i>Total Net Assets</i>	<u>\$449,397</u>	<u>\$483,408</u>	<u>\$932,805</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, 2008**

	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	\$59,860	\$91,806			\$31,946		\$31,946
Security of Persons and Property	260,812			\$845	(259,967)		(259,967)
Community Environment		710			710		710
Basic Utility Services		3,960			3,960		3,960
Transportation	265,287		\$248,434		(16,853)		(16,853)
Capital Outlay	21,187				(21,187)		(21,187)
Principal Payments	46,750				(46,750)		(46,750)
Interest and Fiscal Charges	14,890				(14,890)		(14,890)
<i>Total Governmental Activities</i>	<u>668,786</u>	<u>96,476</u>	<u>248,434</u>	<u>845</u>	<u>(323,031)</u>	<u>\$0</u>	<u>(323,031)</u>
<b>Business Type Activities</b>							
Water Operating	372,042	448,556				76,514	76,514
Sewer Operating	870,945	977,342				106,397	106,397
Sanitation	140,946	142,095				1,149	1,149
Sewer Improvement Fund	1,595,351			253,624		(1,341,727)	(1,341,727)
Solida Sewer Bond	49,647					(49,647)	(49,647)
Sub Waterworks Bond	40,728					(40,728)	(40,728)
1st Mortgage Sewer Bond	112,317					(112,317)	(112,317)
Step 3 Sewer Bond	4,484					(4,484)	(4,484)
Water Improvement Bond	5,759					(5,759)	(5,759)
Sewer Reserve	49,977					(49,977)	(49,977)
<i>Total Business-Type Activities</i>	<u>3,242,196</u>	<u>1,567,993</u>	<u>0</u>	<u>253,624</u>	<u>0</u>	<u>(1,420,579)</u>	<u>(1,420,579)</u>
<b>Total</b>	<u><u>\$3,910,982</u></u>	<u><u>\$1,664,469</u></u>	<u><u>\$248,434</u></u>	<u><u>\$254,469</u></u>	<u><u>(323,031)</u></u>	<u><u>(1,420,579)</u></u>	<u><u>(1,743,610)</u></u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					174,841		174,841
Other Taxes					16		16
Grants and Entitlements not Restricted to Specific Programs					61,660		61,660
Sale of Notes						600,000	600,000
Sale of Bonds						673,080	673,080
Sale of Capital Assets					2,020	11,565	13,585
Interest					15,864		15,864
Miscellaneous					8,909	6,900	15,809
<i>Total General Receipts</i>					<u>263,310</u>	<u>1,291,545</u>	<u>1,554,855</u>
Change in Net Assets					(59,721)	(129,034)	(188,755)
<i>Net Assets Beginning of Year</i>					<u>509,118</u>	<u>612,442</u>	<u>1,121,560</u>
<i>Net Assets End of Year</i>					<u><u>\$449,397</u></u>	<u><u>\$483,408</u></u>	<u><u>\$932,805</u></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, 2008*

	General	Street Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash	\$179,526	\$142,290	\$55,974	\$71,607	\$449,397
<i>Total Assets</i>	<u>\$179,526</u>	<u>\$142,290</u>	<u>\$55,974</u>	<u>\$71,607</u>	<u>\$449,397</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$729	\$293	\$2,680		\$3,702
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	178,797				178,797
Special Revenue Funds		141,997	53,294	42,249	237,540
Debt Service Fund				29,358	29,358
<i>Total Fund Balances</i>	<u>\$179,526</u>	<u>\$142,290</u>	<u>\$55,974</u>	<u>\$71,607</u>	<u>\$449,397</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, 2008*

	General Fund	Street Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$116,232		\$58,625		\$174,857
Charges for Services	3,960				3,960
Fines, Licenses and Permits	92,516				92,516
Intergovernmental	49,985	\$226,416	12,521	\$22,017	310,939
Interest	12,721	2,615		528	15,864
Miscellaneous	2,689	422	152		3,263
<i>Total Receipts</i>	<u>278,103</u>	<u>229,453</u>	<u>71,298</u>	<u>22,545</u>	<u>601,399</u>
<b>Disbursements</b>					
Current:					
General Government	59,860				59,860
Security of Persons and Property	213,619		47,193		260,812
Transportation		265,287			265,287
Capital Outlay	13,459		7,728		21,187
Debt Service:					
Principal Retirement				46,750	46,750
Interest and Fiscal Charges				14,890	14,890
<i>Total Disbursements</i>	<u>286,938</u>	<u>265,287</u>	<u>54,921</u>	<u>61,640</u>	<u>668,786</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,835)</u>	<u>(35,834)</u>	<u>16,377</u>	<u>(39,095)</u>	<u>(67,387)</u>
<b>Other Financing Sources (Uses)</b>					
Insurance Reimbursement			5,646		5,646
Sale of Capital Assets	2,020				2,020
Transfers In				61,668	61,668
Transfers Out		(19,884)	(21,900)	(19,884)	(61,668)
<i>Total Other Financing Sources (Uses)</i>	<u>2,020</u>	<u>(19,884)</u>	<u>(16,254)</u>	<u>41,784</u>	<u>7,666</u>
<i>Net Change in Fund Balances</i>	(6,815)	(55,718)	123	2,689	(59,721)
<i>Fund Balances Beginning of Year</i>	<u>186,341</u>	<u>198,008</u>	<u>55,851</u>	<u>68,918</u>	<u>509,118</u>
<i>Fund Balances End of Year</i>	<u>\$179,526</u>	<u>\$142,290</u>	<u>\$55,974</u>	<u>\$71,607</u>	<u>\$449,397</u>

See accompanying notes to the basic financial statements

**Village of South Point, Lawrence County**  
*Adjusted Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
**General Fund**  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$110,864	\$110,864	\$116,232	\$5,368
Charges for Services	4,000	4,000	3,960	(40)
Fines, Licenses and Permits	29,500	29,500	92,516	63,016
Intergovernmental	49,000	49,000	49,985	985
Interest	25,000	25,000	12,721	(12,279)
Miscellaneous	3,000	3,000	2,689	(311)
<i>Total Receipts</i>	<u>221,364</u>	<u>221,364</u>	<u>278,103</u>	<u>56,739</u>
<b>Disbursements</b>				
Current:				
General Government	67,797	70,297	59,912	10,385
Security of Persons and Property	152,042	221,820	214,296	7,524
Leisure Time Activities	11,000			0
Capital Outlay	20,300	18,000	13,459	4,541
<i>Total Disbursements</i>	<u>251,139</u>	<u>310,117</u>	<u>287,667</u>	<u>22,450</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,775)</u>	<u>(88,753)</u>	<u>(9,564)</u>	<u>79,189</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			2,020	2,020
Other Financing Uses	3,000			0
<i>Total Other Financing Sources (Uses)</i>	<u>3,000</u>	<u>0</u>	<u>2,020</u>	<u>2,020</u>
<i>Net Change in Fund Balance</i>	(26,775)	(88,753)	(7,544)	81,209
<i>Fund Balance Beginning of Year</i>	178,908	178,908	178,908	0
Prior Year Encumbrances Appropriated	7,433	7,433	7,433	0
<i>Fund Balance End of Year</i>	<u>\$159,566</u>	<u>\$97,588</u>	<u>\$178,797</u>	<u>\$81,209</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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$223,000	\$223,000	\$226,416	\$3,416
Interest	5,000	5,000	2,615	(2,385)
Miscellaneous	3,000	3,000	422	(2,578)
<i>Total Receipts</i>	231,000	231,000	229,453	(1,547)
<b>Disbursements</b>				
Current:				
Transportation	219,600	297,949	265,580	32,369
<i>Total Disbursements</i>	219,600	297,949	265,580	32,369
<i>Excess of Receipts Over (Under) Disbursements</i>	11,400	(66,949)	(36,127)	30,822
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	3,000	3,000	0	(3,000)
Transfers Out	(20,000)	(20,000)	(19,884)	116
<i>Total Other Financing Sources (Uses)</i>	(17,000)	(17,000)	(19,884)	(2,884)
<i>Net Change in Fund Balance</i>	(5,600)	(83,949)	(56,011)	27,938
<i>Fund Balance Beginning of Year</i>	197,659	197,659	197,659	0
Prior Year Encumbrances Appropriated	349	349	349	0
<i>Fund Balance End of Year</i>	\$192,408	\$114,059	\$141,997	\$27,938

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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$61,526	\$61,526	\$58,625	(\$2,901)
Intergovernmental	4,000	4,000	12,521	8,521
Miscellaneous	2,000	2,000	5,798	3,798
<i>Total Receipts</i>	67,526	67,526	76,944	9,418
<b>Disbursements</b>				
Current:				
Security of Persons and Property	55,388	56,788	48,572	8,216
Capital Outlay	10,000	15,700	9,029	6,671
<i>Total Disbursements</i>	65,388	72,488	57,601	14,887
<i>Excess of Receipts Over (Under) Disbursements</i>	2,138	(4,962)	19,343	24,305
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(21,900)	(21,900)	(21,900)	0
<i>Total Other Financing Sources (Uses)</i>	(21,900)	(21,900)	(21,900)	0
<i>Net Change in Fund Balance</i>	(19,762)	(26,862)	(2,557)	24,305
<i>Fund Balance Beginning of Year</i>	55,783	55,783	55,783	0
Prior Year Encumbrances Appropriated	68	68	68	0
<i>Fund Balance End of Year</i>	\$36,089	\$28,989	\$53,294	\$24,305

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, 2008*

	Business-Type Activities					Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Sewer Improvement Project Fund	1st Mortgage Sewer Bond Fund	Other Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$189,567	\$64,198	\$13,156	\$66,453	\$150,034	\$483,408
<i>Total Assets</i>	<u>\$189,567</u>	<u>\$64,198</u>	<u>\$13,156</u>	<u>\$66,453</u>	<u>\$150,034</u>	<u>\$483,408</u>
<b>Net Assets</b>						
Unrestricted	<u>\$189,567</u>	<u>\$64,198</u>	<u>\$13,156</u>	<u>\$66,453</u>	<u>\$150,034</u>	<u>\$483,408</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, 2008*

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Sewer Improvement Project Fund	1st Mortgage Sewer Bond	Other Enterprise Funds	
<b>Operating Receipts</b>						
Charges for Services	\$448,556	\$977,342			\$142,095	\$1,567,993
<i>Total Operating Receipts</i>	448,556	977,342	\$0	\$0	142,095	1,567,993
<b>Operating Disbursements</b>						
Personal Services	135,644	300,466				436,110
Fringe Benefits	85,927	247,691				333,618
Contractual Services	82,053	163,907	37,466		140,946	424,372
Materials and Supplies	41,271	111,619				152,890
<i>Total Operating Disbursements</i>	344,895	823,683	37,466	0	140,946	1,346,990
<i>Operating Income (Loss)</i>	103,661	153,659	(37,466)	0	1,149	221,003
<b>Non-Operating Receipts (Disbursements)</b>						
Intergovernmental			253,624			253,624
Sale of Notes			600,000			600,000
Sale of Bonds			673,080			673,080
Sale of Capital Assets	1,550	10,015				11,565
Miscellaneous Receipts	6,900					6,900
Capital Outlay	(27,147)	(47,261)	(950,230)		(49,977)	(1,074,615)
Principal Payments			(600,000)	(69,225)	(44,809)	(714,034)
Interest and Fiscal Charges			(7,655)	(43,093)	(55,809)	(106,557)
Total Non Operating Receipts (Disbursements)	(18,697)	(37,246)	(31,181)	(112,318)	(150,595)	(350,037)
<i>Income (Loss) before Transfers</i>	84,964	116,413	(68,647)	(112,318)	(149,446)	(129,034)
Transfers In		1,500	41,500	112,270	124,430	279,700
Transfers Out	(58,284)	(219,916)			(1,500)	(279,700)
<i>Change in Net Assets</i>	26,680	(102,003)	(27,147)	(48)	(26,516)	(129,034)
<i>Net Assets Beginning of Year - Restated - See Note 15</i>	162,887	166,201	40,303	66,501	176,550	612,442
<i>Net Assets End of Year</i>	\$189,567	\$64,198	\$13,156	\$66,453	\$150,034	\$483,408

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, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,428
<i>Total Assets</i>	<u>\$2,428</u>
<b>Net Assets</b>	
Unrestricted	<u>\$2,428</u>

See accompanying notes to the basic financial statements

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**Village of South Point, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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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.

**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.

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.

**Village of South Point, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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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. In 2009, the Village's major governmental funds were the General Fund, Street Fund, Permissive Motor Vehicle License Tax Fund and Fire Department Fund. In 2008, the Village's major governmental funds were the General Fund, Street Fund and Fire Department 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 has the following major enterprise funds in 2009: Water Operating Fund, Sewer Operating Fund, 1<sup>st</sup> Mortgage Sewer Bond Fund and Water Reserve Fund. The Village had the following major enterprise funds in 2008: Water Operating Fund, Sewer Operating Fund, Sewer Improvement Project Fund and 1<sup>st</sup> Mortgage Sewer Bond Fund.

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.

1<sup>st</sup> Mortgage Sewer Fund - The 1<sup>st</sup> Mortgage Sewer Fund accounts for making the necessary bond payments when due.

Sewer Improvement Project Fund - The Sewer Improvement Project Fund accounts for the activity related to the Sewer Improvement Project.

Water Reserve Fund - The Water Reserve Fund accounts for reserve monies to be used for emergency repairs or equipment.

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, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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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 Fiscal Officer. 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 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.



**Village of South Point, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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During 2008 and 2009, 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 2009 and 2008 were \$1,787 and \$12,721, respectively, and \$470 and \$3,143, 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 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. Net assets restricted for debt service include resources restricted for Street Repaving Fund and Fire Truck Bond Fund.

**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.

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**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 – Compliance**

The Village had material noncompliance violations as follows: Ohio Rev. Code Section 5705.36(A)(2) for appropriations exceeding actual resources in various funds for 2009 and 2008.

**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, 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 2009, the encumbrances outstanding at year end (budgetary basis) amounted to \$109 for the General Fund and \$34 for the Street Fund. In 2008, the encumbrances outstanding at year end (budgetary basis) amounted to \$729 for the General Fund, \$293 for the Street Fund and \$2,680 for the Fire Department 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.

Inactive deposits are public deposits that Village 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,

**Village of South Point, Lawrence County**  
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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) of Ohio Rev. Code Section 135.18 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

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009, the carrying amount of the Village's deposits was \$777,486 and the bank balance was \$785,983. Of the bank balance, \$785,983 was covered by the Federal Depository Insurance Corporation or collateralized. At December 31, 2008, the carrying amount of the Village's deposits was \$932,805 and the bank balance was \$937,895. Of the bank balance, \$937,895 was covered by the Federal Depository Insurance Corporation or collateralized. Although all State Statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the Federal Depository Insurance Corporation.

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

#### **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 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, 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.

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Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2003, were levied after October 1, 2008, 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 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. 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, 2009 and 2008, 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>2009</u>	<u>2008</u>
Real Property		
Residential/Agriculture	\$44,798,750	\$44,529,660
Public Utility Property	6,724,470	6,450,640
Tangible Personal Property	3,040,040	3,192,610
Total Assessed Value	\$54,563,260	\$54,172,910

**Note 7 – Risk Management**

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

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$2,552,519	\$ 2,405,834
Liabilities	<u>(2,814,306)</u>	<u>(2,877,385)</u>
Accumulated deficit	<u>(\$261,787)</u>	<u>(\$471,551)</u>

**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) 222-5601 or (800) 222-7377.

For the years ended December 31, 2009 and 2008, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2009 and 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$86,269, \$80,560, and \$68,875, respectively. The full amount has been contributed for 2009, 2008 and 2007.

**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.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2009, 2008, and 2007 were \$13,420, \$11,629, and \$10,999. The full amount has been contributed for 2009, 2008 and 2007.

**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 2009 local government employer contribution rate was 14 percent of covered payroll. A portion of employer contributions allocated to health care was 7.00 percent from January 1 through March 31, 2008 and 5.5 percent from April 1 through December 31, 2009. The 2008 local government employer contribution rate was 14 percent of covered payroll; 7 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.50 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 costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50 to 3 percent annually for the next 6 years. In the subsequent years, (7 and beyond) health care costs were assumed to increase at 4 percent annually (the projected wage inflation rate).

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, not to exceed a 12 percent corridor.

The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008 actuarial valuation was 356,388. The actual contributions for 2009 and 2008 which were used to fund postemployment benefits were \$36,975 and \$40,280, respectively. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

The Health Care Preservation Plan (HCPP), adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 each year from 2006 to 2008. These rate increases allowed 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 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 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 6.75 percent of covered payroll was applied to the postemployment health care program during 2009 and

**Village of South Point, Lawrence County**  
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For the Years Ended December 31, 2009 and 2008

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2008. 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 2009 and 2008 that were used to fund post employment benefits were \$4,717 and \$4,190, respectively, for police. The OP&F's total health care expense for the year ended December 31, 2007 (the latest information available) was \$93,205,319, which was net of member contributions of \$56,031,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2007, was 14,295 for police.

**Note 10 - Notes Payable**

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

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
Sewer Improvement Bond Anticipation Note	3.17%	\$0	\$300,000	\$300,000	\$0
Sewer Improvement Bond Anticipation Note	4.18%	0	300,000	300,000	0
<b>Total</b>		<b>\$0</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$0</b>

The Village obtained a Sewer Improvement Bond Anticipation Note (3.17% interest rate) on April 1, 2008, maturing on October 8, 2008, in order to pay for sewer improvement project invoices. The Village was later reimbursed by the Ohio Department of Development through an ARC grant awarded to the Village for the project. Upon maturity of this note, the Village renewed the note, at a rate of 4.18% interest, on October 7, 2008, maturing on December 31, 2008, in order to continue to pay for sewer improvement project invoices. The note was paid off by the Village on December 29, 2008.

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**Note 11 – Debt**

The Village's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
<b><u>Governmental Activities</u></b>					
General Obligation Bonds					
Fire Truck Bond (2007)	4.76%	\$157,195		\$14,398	\$142,797
Street Repaving Bond (2002)	4.75%	108,900		34,700	74,200
Total General Obligation Bonds		266,095	0	49,098	216,997
<b><u>Business Type Activities</u></b>					
Solida Sewer G.O. Bond (2002)	4.50%	845,500		11,600	833,900
<b><u>OWDA Mortgage Revenue Bonds</u></b>					
Step 3 Sewer Bond (1989)	8.47%	20,518		3,089	17,429
SubWaterworks Bond (1990)	7.89%	198,129		27,083	171,046
1st Mortgage Sewer Bond (1990)	7.89%	546,388		74,686	471,702
Total Mortgage Revenue Bonds		765,035	0	104,858	660,177
<b><u>OPWC Bonds</u></b>					
OPWC Water Improvement Bond (2004)	0%	92,139		5,759	86,380
OPWC Sewer Improvement Bond (2007)	0%	740,874	70,126	20,275	790,725
Total OPWC Bonds		833,013	70,126	26,034	877,105
Total Business Type Activities		2,443,548	70,126	142,492	2,371,182
Total		\$2,709,643	\$70,126	\$191,590	\$2,588,179



**Village of South Point, Lawrence County**  
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For the Years Ended December 31, 2009 and 2008

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

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
<b><u>Governmental Activities</u></b>					
General Obligation Bonds					
Fire Truck Bond (2007)	4.76%	\$170,938		\$13,743	\$157,195
Street Repaving Bond (2002)	4.75%	141,900		33,000	108,900
Total General Obligation Bonds		312,838	0	46,743	266,095
<b><u>Business Type Activities</u></b>					
Solida Sewer G.O. Bond (2002)	4.50%	856,600		11,100	845,500
<b><u>OWDA Mortgage Revenue Bonds</u></b>					
Step 3 Sewer Bond (1989)	8.47%	23,366		2,848	20,518
SubWaterworks Bond (1990)	7.89%	223,231		25,102	198,129
1st Mortgage Sewer Bond (1990)	7.89%	615,612		69,224	546,388
Total Mortgage Revenue Bonds		862,209	0	97,174	765,035
<b><u>OPWC Bonds</u></b>					
OPWC Water Improvement Bond (2004)	0%	97,898		5,759	92,139
OPWC Sewer Improvement Bond (2007) - restated	0%	67,794	673,080	0	740,874
Total OPWC Bonds		165,692	673,080	5,759	833,013
Total Business Type Activities		1,884,501	673,080	114,033	2,443,548
Total		\$2,197,339	\$673,080	\$160,776	\$2,709,643

The December 31, 2007 balance for the OPWC Sewer Improvement Bond (2007) was restated from \$57,552 to \$67,794, an increase of \$10,242, due to loan proceeds received in prior years.

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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.

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:

	<u>Governmental Type Activity Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$51,283	\$10,322	\$61,605
2011	53,801	7,884	61,685
2012	16,553	5,327	21,880
2013	17,341	4,539	21,880
2014	18,166	3,714	21,880
2015-2017	59,853	5,786	65,639
Total	<u>\$216,997</u>	<u>\$37,572</u>	<u>\$254,569</u>

**Village of South Point, Lawrence County**  
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Business Type Activity Debt

Total OWDA Mortgage Revenue Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$113,151	\$46,214	\$159,365
2011	122,094	38,022	160,116
2012	131,751	29,745	161,496
2013	142,168	20,523	162,691
2014	151,013	10,556	161,569
Total	<u>\$660,177</u>	<u>\$145,060</u>	<u>\$805,237</u>

OPWC Water & Sewer System Improvement Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$46,310	\$0	\$46,310
2011	46,310	0	46,310
2012	46,310	0	46,310
2013	46,310	0	46,310
2014	46,310	0	46,310
2015-2019	231,540	0	231,540
2020-2024	231,540	0	231,540
2025-2029	182,475	0	182,475
Total	<u>\$877,105</u>	<u>\$0</u>	<u>\$877,105</u>

Solida Sewer General Obligation Bond

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$12,100	\$37,526	\$49,626
2011	12,700	36,981	49,681
2012	13,300	36,410	49,710
2013	13,900	35,811	49,711
2014	14,400	35,186	49,586
2015-2019	82,800	165,557	248,357
2020-2024	103,200	145,176	248,376
2025-2029	128,600	119,773	248,373
2030-2034	160,200	88,115	248,315
2035-2039	199,700	48,673	248,373
2040-2041	93,000	6,323	99,323
Total	<u>\$833,900</u>	<u>\$755,531</u>	<u>\$1,589,431</u>

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, 2009 and 2008 respectively were an overall debt margin of \$4,678,245 and \$4,576,561 and an unvoted debt margin of \$1,950,082 and \$1,867,915.

**Village of South Point, Lawrence County**  
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For the Years Ended December 31, 2009 and 2008

**Note 12 - Leases**

A summary of the lease transactions for the year ended December 31, 2009, follows:

	Interest Rate	Balance at December 31, 2008	Additions	Reductions	Balance at December 31, 2009
Backhoe	3.69%	\$13,306	\$0	\$10,595	\$2,711

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

	Interest Rate	Balance at December 31, 2007	Additions	Reductions	Balance at December 31, 2008
Backhoe	3.69%	\$0	\$21,000	\$7,694	\$13,306

The backhoe lease was entered into on March 28, 2008. The Village paid for a portion of the backhoe and leased the remaining portion of \$21,000. Lease payments total \$908.99 per month. The Village paid off the lease in March 2010.

**Note 13 – Interfund Transfers**

The following transfers were made:

From:	To:	2009 Amount	2008 Amount
Sewer Operating Fund	1st Mortgage Sewer Bond Fund	\$103,400	\$112,270
Sewer Operating Fund	Step 3 Sewer Bond Fund	4,524	4,502
Sewer Operating Fund	Solida Sewer Bond Fund	49,644	49,644
Sewer Operating Fund	Sewer Improvement Project Fund	23,660	41,500
Sewer Operating Fund	Sewer Reserve Fund	7,000	12,000
Street Fund	Street Repaving Bond Fund	19,956	19,884
Permissive Motor Vehicle License Fund	Street Repaving Bond Fund	19,956	19,884
Water Operating Fund	Water Improvement Bond Fund	5,760	5,760
Water Operating Fund	Water Reserve Fund	12,000	12,000
Water Operating Fund	Sub Waterworks Bond Fund	40,920	40,524
Fire Department Fund	Fire Truck Bond Fund	21,900	21,900
Sanitation Fund	Sewer Operating Fund	1,500	1,500
	Total Transfers	<u>\$310,220</u>	<u>\$341,368</u>

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

**Note 14 – Contingent Liabilities**

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.

**Village of South Point, Lawrence County**  
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For the Years Ended December 31, 2009 and 2008

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**Note 15 – Restatement of Beginning Balances**

The January 1, 2008 balances were restated as follows:

Fund:	December 31, 2007 Balance	Restated January 1, 2008 Balance	Restatement
Water Operating Fund	\$226,107	\$162,887	\$63,220
Sewer Operating Fund	382,604	166,201	216,403
Sanitation Fund	3,731	3,731	0
Sewer Improvement Project Fund	0	40,303	(40,303)
1st Mortgage Sewer Bond Fund	0	66,501	(66,501)
Solida Sewer Bond Fund	0	37,215	(37,215)
Sub Waterworks Bond Fund	0	24,187	(24,187)
Step 3 Sewer Bond Fund	0	2,987	(2,987)
Water Improvement Bond Fund	0	5,890	(5,890)
Sewer Reserve Fund	0	69,396	(69,396)
Water Reserve Fund	0	33,144	(33,144)
Total	<u>\$612,442</u>	<u>\$612,442</u>	<u>\$0</u>

These restatements were as a result of all Water and Sewer related funds being combined with like fund for prior audits. Due to the large sewer improvement project in 2008, the Village elected to show all funds separately with nonmajor funds combined into Other Enterprise Funds on the financial statements.

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# Mary Taylor, CPA

Auditor of State

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

Village of 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, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 18, 2010, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control over financial reporting. We consider Finding 2009-002 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 18, 2010.

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



**Mary Taylor, CPA**  
Auditor of State

November 18, 2010



**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

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

**Finding Number 2009-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.36(A)(2) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess..

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

On December 31, 2008, appropriations exceeded actual resources as follows:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Sanitation Fund	\$145,825	\$146,500	(\$675)
Sewer Improvement Project Fund	\$1,308,507	\$1,378,503	(\$69,996)

On December 31, 2009, appropriations exceeded actual resources as follows:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Street Fund	\$363,886	\$375,997	(\$12,111)
Permissive Motor Vehicle License Fund	\$64,708	\$65,849	(\$1,141)
Street Repaving Bond Fund	\$54,606	\$54,694	(\$88)
Water Operating Fund	\$638,087	\$650,080	(\$11,993)
Sewer Operating Fund	\$1,059,652	\$1,089,379	(\$29,727)
Sanitation Fund	\$147,664	\$148,379	(\$715)
Sewer Improvement Project Fund	\$53,155	\$59,098	(\$5,943)
1st Mortgage Sewer Bond Fund	\$169,854	\$179,254	(\$9,400)
Sewer Reserve Fund	\$38,419	\$43,419	(\$5,000)

This could result in overspending if not properly monitored.

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**Finding Number 2009-001 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.36(A)(2) (Continued)**

We recommend the Village Fiscal Officer monitor estimated and actual resources. When it is apparent that actual receipts will fall short of budgetary estimates and appropriations are greater than estimated resources, the Village Council should obtain a reduced amended certificate from the County Budget Commission. We further recommend the Village Council make corresponding reductions in appropriations.

**Finding Number 2009-002**

**Significant Deficiency – Financial Reporting**

Sound financial reporting is the responsibility of the Village Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the financial statements had the following errors that required audit adjustment or reclassification:

- In 2008, \$673,080 in the Sewer Improvement Project Fund had to be reclassified from intergovernmental revenues to sale of bonds.
- In 2008, \$300,000 in the Sewer Improvement Project Fund had to be posted to sale of notes and principal expenditure to show the receipt and payment of a renewal note that was not recorded.
- In 2009, \$70,127 in the Sewer Improvement Project Fund had to be reclassified from intergovernmental revenues to sale of bonds.
- In 2009, \$46,598 in Governmental Activities was reclassified from Charges for Services (General Government) to tax revenue.

The Village Fiscal Officer improperly posted the above revenue classifications and did not post the renewal of their note which caused the errors noted above.

To ensure the Village's financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Village Fiscal Officer and Village Council to identify and correct errors or omissions.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.



**Mary Taylor, CPA**  
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**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  
DECEMBER 7, 2010**