



Dave Yost • Auditor of State



VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types Fiscal Year End December 31, 2017 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types Fiscal Year End December 31, 2017 .....	4
Notes to the Financial Statements Fiscal Year End December 31, 2017 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types Fiscal Year End December 31, 2016.....	13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types Fiscal Year End December 31, 2016.....	14
Notes to the Financial Statements Fiscal Year End December 31, 2016 .....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of South Point  
Lawrence County  
415 Solida Road  
South Point, Ohio 45680

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of South Point, Lawrence County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of South Point, Lawrence County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 9, 2018

**Village of South Point, Ohio**  
*Lawrence County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2017*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$261,553	\$259,645			\$521,198
Intergovernmental	34,567	281,328		5,000	320,895
Special Assessments		513			513
Charges for Services	1,381				1,381
Fines, Licenses and Permits	160,798	16,489			177,287
Miscellaneous	2,476	18,370			20,846
<i>Total Cash Receipts</i>	<u>460,775</u>	<u>576,345</u>	<u>0</u>	<u>5,000</u>	<u>1,042,120</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	17,306	507,588			524,894
Basic Utility Services		13,282			13,282
Transportation		156,950			156,950
General Government	77,127	55,182			132,309
Capital Outlay	1,444	38,329		285,952	325,725
Debt Service:					
Principal Retirement			74,466		74,466
Interest and Fiscal Charges			8,182		8,182
<i>Total Cash Disbursements</i>	<u>95,877</u>	<u>771,331</u>	<u>82,648</u>	<u>285,952</u>	<u>1,235,808</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>364,898</u>	<u>(194,986)</u>	<u>(82,648)</u>	<u>(280,952)</u>	<u>(193,688)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds				2,828	2,828
Transfers In		346,562	69,854	12,900	429,316
Transfers Out	(312,900)	(76,574)			(389,474)
Advances In				38,600	38,600
Advances Out	(38,600)				(38,600)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(351,500)</u>	<u>269,988</u>	<u>69,854</u>	<u>54,328</u>	<u>42,670</u>
<i>Net Change in Fund Cash Balances</i>	13,398	75,002	(12,794)	(226,624)	(151,018)
<i>Fund Cash Balances, January 1</i>	<u>159,406</u>	<u>558,558</u>	<u>33,078</u>	<u>231,624</u>	<u>982,666</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		633,560	20,284	5,000	658,844
Unassigned (Deficit)	172,804				172,804
<i>Fund Cash Balances, December 31</i>	<u>\$172,804</u>	<u>\$633,560</u>	<u>\$20,284</u>	<u>\$5,000</u>	<u>\$831,648</u>

See accompanying notes to the basic financial statements

**Village of South Point, Ohio**  
*Lawrence County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Proprietary and Fiduciary Fund Types**  
*For the Year Ended December 31, 2017*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,103,196		\$2,103,196
Miscellaneous	14,680		14,680
<i>Total Operating Cash Receipts</i>	<u>2,117,876</u>	<u>0</u>	<u>2,117,876</u>
<b>Operating Cash Disbursements</b>			
Personal Services	536,511		536,511
Employee Fringe Benefits	320,694		320,694
Contractual Services	501,753		501,753
Supplies and Materials	178,563		178,563
<i>Total Operating Cash Disbursements</i>	<u>1,537,521</u>	<u>0</u>	<u>1,537,521</u>
<i>Operating Income (Loss)</i>	<u>580,355</u>	<u>0</u>	<u>580,355</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Sale of Bonds	720,000		720,000
Miscellaneous Receipts	9,125		9,125
Capital Outlay	(125,518)		(125,518)
Principal Retirement	(881,394)		(881,394)
Interest and Other Fiscal Charges	(45,515)		(45,515)
Other Financing Sources		144,322	144,322
Other Financing Uses		(140,140)	(140,140)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(323,302)</u>	<u>4,182</u>	<u>(319,120)</u>
<i>Income (Loss) before Transfers</i>	257,053	4,182	261,235
Transfers In	290,586		290,586
Transfers Out	(330,428)		(330,428)
<i>Net Change in Fund Cash Balances</i>	217,211	4,182	221,393
<i>Fund Cash Balances, January 1</i>	<u>786,909</u>	<u>3,996</u>	<u>790,905</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,004,120</u>	<u>\$8,178</u>	<u>\$1,012,298</u>

See accompanying notes to the basic financial statements



**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 1 - Reporting Entity**

The Village of South Point (the Village), Lawrence County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Mayor is elected to a four-year term, serves as President of Council and votes only to break a tie. The Village provides water and sewer utilities, park operations, and police services. Significant amounts spent for "Security of persons and property" may consist of the police services described above. The Village appropriates special revenue fund money to support a volunteer fire department.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in a public entity risk pool and is associated with a related organization. Note 7 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Construction Fund*** The Street Construction Fund accounts for and reports that portion of the State gasoline tax restricted for construction, maintenance, and repair of streets within the Village.

***Police Department Fund*** The Police Department Fund receives operating money from a 3 mill property tax levy approved by voters on November 4, 2014 to run for a continuing period of time and supplemental revenue from the General Fund. The fund pays the personnel expense, fuel, utilities, supplies, and capital improvements such as equipment.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**2015 Street Repaving Bond Fund** The Street Repaving Bond Fund was established for repayment of general obligation bonds related to a street repaving construction project. The monies transferred into the fund are restricted for debt payments.

**Fire Truck Bond Fund** The Fire Truck Bond Fund was established for repayment of general obligation bonds related to the purchase of a fire truck. The proceeds are restricted for debt payments.

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

**Water Tanks Rehab Fund** The Water Tanks Rehab Fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for repair of the Village water tanks.

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

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

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

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

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 disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Mayor's Court activity related to fines and subsequent reparations.

**Basis of Accounting**

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

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

**Budgetary Process**

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

VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

**Deposits**

The Village maintains all cash in checking accounts. The Village has no investments.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$403,845	\$460,775	\$56,930
Special Revenue	901,901	922,907	21,006
Debt Service	69,860	69,854	(6)
Capital Projects	862,328	59,328	(803,000)
Enterprise	3,124,273	3,137,587	13,314
Total	\$5,362,207	\$4,650,451	(\$711,756)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$480,015	\$448,340	\$31,675
Special Revenue	1,066,924	856,783	210,141
Debt Service	82,666	82,648	18
Capital Projects	1,093,952	285,952	808,000
Enterprise	3,115,845	2,920,376	195,469
Total	\$5,839,402	\$4,594,099	\$1,245,303

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Note 4 – Deposits**

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

	<u>2017</u>
Demand deposits	<u>\$1,843,946</u>
Total deposits	<u>1,843,946</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or; collateralized through the Ohio Pooled Collateral System (OPCS).

The Village's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool.

**Note 5 – Taxes**

***Property Taxes***

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

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

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

**Note 6 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2017, consisted of \$38,600 advanced to a Capital Projects Fund from the General Fund to provide working capital for a spray park project.

**Note 7 - Risk Management**

***Risk Pool Membership***

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 from covered claims that exceed the members' deductibles.

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Note 7 - Risk Management (Continued)**

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2017, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2017.

	<u>2017</u>
Assets	\$1,091,882
Liabilities	<u>(\$757,765)</u>
Accumulated Surplus	<u><u>\$334,117</u></u>

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

Five of the Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

***Social Security***

One of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Street Repaving Bond (L.C.N.I.)	\$267,857	2.25%
Solida Sewer Bond (2017 L.C.N.I) Refinanced	720,000	2.80%
OPWC Water Improvement Bond (2004)	40,310	0.00%
OPWC Sewer Improvement Bond (2009)	466,325	0.00%
415 Solida Rd. Building (2014)	262,857	2.25%
Water Tanks Rehab Proj. (2016)	203,899	2.25%
Total	\$1,961,248	

The Fire Truck Bond was issued for \$170,938 in 2007 to purchase a new Truck for the Fire Department and is paid from a debt service fund. The last bond payment was made during 2017.

The Street Repaving Bond was issued for \$375,000 through the Lawrence County Neighborhood Investment Program and is paid from a debt service fund. The bond will mature in 2020.

The Solida Sewer General Obligation Bond was issued at \$914,000 in 2002 for the purpose of paying a portion of cost related to the construction of sanitary sewer system improvements. The outstanding principal of \$720,000 was refinanced with the Lawrence County Neighborhood Investment Program in 2017. It is currently scheduled to mature in 2037.

Both the Water (issued in 2004 at \$141,000) and Sewer (issued in 2009 at \$811,000) Improvement Bonds were issued through Ohio Public Works Commission for construction loans related to the Village's infrastructure in these areas. The Water Improvement Bonds will mature in 2024 and the Sewer Improvement Bonds will mature in 2037.

The Solida Building Bond was issued at \$460,000 in 2014 for the purpose of purchasing the municipal building for the Village. The Bond is scheduled to mature in 2021.

The Water Tanks Rehab Bond was newly issued at \$242,000 in 2016 to perform painting and repairs on the Village's two water tanks. The Bond is scheduled to mature in 2021.

The Village's taxing authority collateralized the bonds with the exception of the Water and Sewer system related bonds which are secured by their respective utility receipts.

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Note 10 – Debt (Continued)**

***Amortization***

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

Year Ending December 31:	Debt Service Fund Activity	LCNI Program	OPWC Bonds
2018	\$59,598	\$169,949	\$46,309
2019	58,392	168,457	46,309
2020	57,197	166,020	46,309
2021	55,982	163,484	46,309
2022	54,776	95,283	46,309
2023-2027		245,559	214,267
2028-2032		220,364	60,825
2033-2036		195,126	
Total	\$285,945	\$1,424,242	\$506,637

**Note 11 – Construction and Contractual Commitments**

The Village began a project to rehabilitate wastewater treatment plant clarifiers financed with a loan through Ohio Water Development Authority (OWDA). Financing was acquired through OWDA for \$810,828 to complete this project. The bid was awarded to Tribute Contracting & Consultants in January 2018, and construction is set to begin in May 2018. Repayment of the loan will begin at the beginning of 2019.

**Note 12 – Contingent Liabilities**

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

**Note 13 – Subsequent Events**

As noted in Note 11 above, the Village acquired financing with the Ohio Water Development Authority for a wastewater treatment plant clarifiers rehabilitation project for \$810,828. The project is scheduled to begin in May 2018 and repayment of the loan will begin in 2019.



**Village of South Point, Ohio**  
*Lawrence County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$249,851	\$252,072			\$501,923
Intergovernmental	35,207	280,768			315,975
Special Assessments		3,576			3,576
Charges for Services	2,520				2,520
Fines, Licenses and Permits	115,754	15,349			131,103
Miscellaneous	2,547	2,598			5,145
<i>Total Cash Receipts</i>	<u>405,879</u>	<u>554,363</u>	<u>0</u>	<u>0</u>	<u>960,242</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	17,500	498,392			515,892
Basic Utility Services		10,721			10,721
Transportation		182,165			182,165
General Government	80,891	34,132			115,023
Capital Outlay	6,990	40,690		10,376	58,056
Debt Service:					
Principal Retirement			73,508		73,508
Interest and Fiscal Charges			10,097		10,097
<i>Total Cash Disbursements</i>	<u>105,381</u>	<u>766,100</u>	<u>83,605</u>	<u>10,376</u>	<u>965,462</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>300,498</u>	<u>(211,737)</u>	<u>(83,605)</u>	<u>(10,376)</u>	<u>(5,220)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Bonds				242,000	242,000
Transfers In		348,000	103,892		451,892
Transfers Out	(300,000)	(110,612)			(410,612)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(300,000)</u>	<u>237,388</u>	<u>103,892</u>	<u>242,000</u>	<u>283,280</u>
<i>Net Change in Fund Cash Balances</i>	498	25,651	20,287	231,624	278,060
<i>Fund Cash Balances, January 1</i>	<u>158,908</u>	<u>532,907</u>	<u>12,791</u>		<u>704,606</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		558,558	33,078	231,624	823,260
Assigned	12,655				12,655
Unassigned (Deficit)	146,751				146,751
<i>Fund Cash Balances, December 31</i>	<u>\$159,406</u>	<u>\$558,558</u>	<u>\$33,078</u>	<u>\$231,624</u>	<u>\$982,666</u>

See accompanying notes to the basic financial statements

**Village of South Point, Ohio**  
*Lawrence County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Proprietary and Fiduciary Fund Types**  
*For the Year Ended December 31, 2016*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,040,092		\$2,040,092
Miscellaneous	21,428		21,428
<i>Total Operating Cash Receipts</i>	<u>2,061,520</u>	<u>0</u>	<u>2,061,520</u>
<b>Operating Cash Disbursements</b>			
Personal Services	532,732		532,732
Employee Fringe Benefits	317,808		317,808
Contractual Services	556,467		556,467
Supplies and Materials	189,052		189,052
<i>Total Operating Cash Disbursements</i>	<u>1,596,059</u>	<u>0</u>	<u>1,596,059</u>
<i>Operating Income (Loss)</i>	<u>465,461</u>	<u>0</u>	<u>465,461</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	9,125		9,125
Capital Outlay	(120,387)		(120,387)
Principal Retirement	(127,823)		(127,823)
Interest and Other Fiscal Charges	(42,749)		(42,749)
Other Financing Sources		77,576	77,576
Other Financing Uses		(81,774)	(81,774)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(281,834)</u>	<u>(4,198)</u>	<u>(286,032)</u>
<i>Income (Loss) before Transfers</i>	183,627	(4,198)	179,429
Transfers In	235,567		235,567
Transfers Out	(276,847)		(276,847)
<i>Net Change in Fund Cash Balances</i>	142,347	(4,198)	138,149
<i>Fund Cash Balances, January 1</i>	<u>644,562</u>	<u>8,194</u>	<u>652,756</u>
<i>Fund Cash Balances, December 31</i>	<u>\$786,909</u>	<u>\$3,996</u>	<u>\$790,905</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 1 - Reporting Entity**

The Village of South Point (the Village), Lawrence County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Mayor is elected to a four-year term, serves as President of Council and votes only to break a tie. The Village provides water and sewer utilities, park operations, and police services. Significant amounts spent for "Security of persons and property" may consist of the police services described above. The Village appropriates special revenue fund money to support a volunteer fire department.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in a public entity risk pool and is associated with a related organization. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Construction Fund*** The Street Construction Fund accounts for and reports that portion of the State gasoline tax restricted for construction, maintenance, and repair of streets within the Village.

***Police Department Fund*** The Police Department Fund Receives operating money from a 3 mill property tax levy approved by voters on November 4, 2014 to run for a continuing period of time and supplemental revenue from the General Fund. The fund pays the personnel expense, fuel, utilities, supplies, and capital improvements such as equipment.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**2015 Street Repaving Bond Fund** The street repaving bond fund was established for repayment of general obligation bonds related to a street repaving construction project. The monies transferred into the fund are restricted for debt payments.

**Fire Truck Bond Fund** The fire truck bond fund was established for repayment of general obligation bonds related to the purchase of a fire truck. The proceeds are restricted for debt payments.

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

**Water Tanks Rehab Fund** The water tanks rehab fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for repair of the village water tanks.

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

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

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

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

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 disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Mayor's Court activity related to fines and the subsequent reparations.

**Basis of Accounting**

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

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

**Budgetary Process**

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

VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

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

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

A summary of 2016 budgetary activity appears in Note 3.

**Deposits**

The Village maintains all cash in checking accounts. The Village has no investments.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$405,878	\$405,879	\$1
Special Revenue	902,363	902,363	0
Debt Service	103,892	103,892	0
Capital Projects	242,000	242,000	0
Enterprise	2,310,242	2,306,212	(4,030)
Total	\$3,964,375	\$3,960,346	(\$4,029)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$420,150	\$405,381	\$14,769
Special Revenue	1,068,592	882,279	186,313
Debt Service	83,609	83,605	4
Capital Projects	242,000	10,376	231,624
Enterprise	2,356,562	2,191,051	165,511
Total	\$4,170,913	\$3,572,692	\$598,221

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 4 – Deposits**

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

	20CY
Demand deposits	<u>\$1,773,571</u>
Total deposits	<u><u>1,773,571</u></u>

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

**Note 6 - Risk Management**

***Risk Pool Membership***

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 portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2016, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2016.

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 6 - Risk Management (Continued)**

	<u>2016</u>
Assets	\$1,272,799
Liabilities	<u>(\$821,016)</u>
Accumulated Surplus	<u><u>\$451,783</u></u>

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

***Ohio Police and Fire Retirement System***

Five of the Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members. The Village has paid all contributions required through December 31, 2016.

***Social Security***

One of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.



**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Fire Truck Bond (2007 U.S. Bank)	\$20,885	4.76%
Street Repaving Bond (2015 L.C.N.I.)	321,428	2.25%
Solida Sewer G.O. Bond (2002 USDA)	736,500	4.50%
OPWC Water Improvement Bond (2004)	46,069	0%
OPWC Sewer Improvement Bond (2009)	506,875	0%
415 Solida Rd. Building (2014)	328,572	2.25%
Water Tanks Rehab Project (2016)	242,000	2.25%
Total	\$2,202,329	

The Fire Truck Bond was issued for \$170,938 in 2007 to purchase a new Truck for the Fire Department and is paid from a debt service fund. The bond is scheduled to mature 2017.

The Street Repaving Bond was issued for \$375,000 through the Lawrence County Neighborhood Investment Program and is paid from a debt service fund. The bond will mature in 2020.

The Solida Sewer General Obligation Bond was issued at \$914,000 in 2002 for the purpose of paying a portion of cost related to the construction of sanitary sewer system improvements. It is scheduled to mature in 2041.

Both the Water (issued in 2004 at \$141,000) and Sewer (issued in 2009 at \$811,000) Improvement Bonds were issued through Ohio Public Works Commission for construction loans related to the Village's infrastructure in these areas. The Water Improvement Bonds will mature in 2024 and the Sewer Improvement Bonds will mature in 2037.

The Solida Building Bond was issued at \$460,000 in 2014 for the purpose of purchasing the municipal building for the Village. The Bond is scheduled to mature in 2021.

The Water Tanks Rehab Bond was newly issued at \$242,000 in 2016 to perform painting and repairs on the Village's two water tanks. The Bond is scheduled to mature in 2021.

The Village's taxing authority collateralized the bonds with the exception of the Water & Sewer system related bonds which are secured by their respective utility receipts.

***Amortization***

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

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 9 – Debt (Continued)**

Year ending December 31:	Debt Service Fund Activity	LCNI Program	OPWC Bonds	Solida Sewer General Obligation Bond
2017	\$82,683	\$116,262	\$46,309	\$49,643
2018	59,598	114,783	46,309	49,700
2019	58,392	113,305	46,309	49,622
2020	57,197	111,826	46,309	49,712
2021	55,982	110,348	46,309	48,661
2022-2026	54,776	43,154	220,026	248,380
2027-2031			101,375	248,337
2032-2036				248,373
2037-2041				248,294
Total	<u>\$368,628</u>	<u>\$609,678</u>	<u>\$552,946</u>	<u>\$1,240,722</u>

**Note 10 – Contingent Liabilities**

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



# Dave Yost • Auditor of State

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

Village of South Point  
Lawrence County  
415 Solida Road  
South Point, Ohio 45680

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of South Point, Lawrence County, Ohio (the Village) as of and for the year ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 9, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 9, 2018



# Dave Yost • Auditor of State

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  
JULY 24, 2018