



Dave Yost • Auditor of State

VILLAGE OF SOUTH POINT
LAWRENCE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of South Point
Lawrence County
408 2nd 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, 2011 and 2010, 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(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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, 2011 and 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Street Construction, FEMA Fire, and Permissive Motor Vehicle License Funds for the years then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2010 the Village of South Point adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

June 25, 2012

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

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, 2011 and 2010, 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 2011 are as follows:

Net assets of governmental activities increased \$31,798 or 10 percent from the previous year. The reason for the increase was due to receiving a FEMA Firefighters Grant.

The Village's general receipts are primarily property taxes, local government revenue assistance, court fines and franchise fees. Voters within the Village approved a 3 mill replacement 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. An additional 4 mill Police Department operating levy to operate a full time department was rejected by voters in 2007 on both the May and November ballots with 60% voting against the levy.

The Street Department receives money from gasoline tax and motor registration fees and is used for constructing and maintaining village streets. The Village also has a street permissive vehicle tax that is used for street maintenance. The Village passed Ordinance 10-3 to add an additional \$5.00 Street Permissive Vehicle Tax as allowed by Ohio Rev. Code Section 4504.17 on April 6, 2010. Beginning January 2011, the Village started collecting \$10.00 for each vehicle license registration.

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 Ohio Public Works Commission awarded the Village a \$294,085 grant to replace water lines, valves, service connections, and system connections on Third and Fourth Streets from North Kenova Road to Davidson Street. The Village contributed \$92,230 toward the project for total project costs of \$386,315. The Village passed Ordinance 10-11 to establish a Water Distribution Rehabilitation Fund in accordance with Ohio Rev. Code Section 5705.09 to account for the capital water project. The project was completed on November 23, 2011 for total costs of \$236,182.

FEMA awarded the South Point Voluntary Fire Department an \$183,920 grant to purchase fire equipment and provide Level II firefighter training. The Village contributed \$9,680 to meet the required 5% grant match requirements for total funds of \$193,600. The Village passed Ordinance 11-12 to establish a FEMA Firefighters Grant Fund

The Village and Lawrence County Engineer agreed to participate in a joint repaving project in acquiring funds through the state issue 1 program and the local transportation improvement program with resolution 10-10. The agreement provided that Lawrence County Engineer contract out the paving of Little Solida Road in the Village. The total cost of the project was \$52,806 with the Village paying 20% of cost plus overruns of \$12,246 from the street and permissive tax funds and a grant of \$40,560 accounted for in the Joint Infrastructure Projects Fund to cover the remaining cost.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Key highlights for 2010 are as follows:

Net assets of governmental activities decreased \$36,986 or 10 percent from the previous year. The reason for the decrease was due to a slight increase in receipts and a significant increase in Police, Fire and General Fund expenditures including purchasing Mayor's Court Software and remodeling the police station.

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.

The Mayor's Court Computer Fund was established by Ordinance 10-4 on April 6, 2010 to account for the \$10.00 computer fees on tickets for the computerization of the Mayor's Court. The Mayor's court computer fee was originally established on February 1, 2000 for \$3.00.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2011 and 2010, 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.

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 2011, the Village's major governmental funds were the General, Street Construction, Permissive Motor Vehicle License, Water Distribution Rehabilitation, and FEMA Fire. In 2010, the Village's major governmental funds were the General, Street Construction, and Permissive Motor Vehicle License. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
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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 2011 and 2010: Water Operating, Sewer Operating, and 1st Mortgage Sewer Bond Funds.

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 2011 compared to 2010 compared to 2009.

(Table 1)
Net Assets

	Governmental Activities			Business-Type Activities			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Assets									
Cash and Cash Equivalents	\$356,232	\$324,434	\$361,420	\$495,368	\$520,200	\$416,066	\$851,600	\$844,634	\$777,486
Total Assets	<u>\$356,232</u>	<u>\$324,434</u>	<u>\$361,420</u>	<u>\$495,368</u>	<u>\$520,200</u>	<u>\$416,066</u>	<u>\$851,600</u>	<u>\$844,634</u>	<u>\$777,486</u>
Net Assets									
Restricted for:									
Debt Service	\$14,608	\$29,590	\$29,399				\$14,608	\$29,590	\$29,399
Capital Projects		6,000						6,000	
Other Purposes	208,691	170,378	192,006				208,691	170,378	192,006
Unrestricted	132,933	118,466	140,015	495,368	520,200	416,066	628,301	638,666	556,081
Total Net Assets	<u>\$356,232</u>	<u>\$324,434</u>	<u>\$361,420</u>	<u>\$495,368</u>	<u>\$520,200</u>	<u>\$416,066</u>	<u>\$851,600</u>	<u>\$844,634</u>	<u>\$777,486</u>

As mentioned previously, net assets of governmental activities increased \$31,798 or 10 percent during 2011 due to receiving a FEMA firefighters grant.

As mentioned previously, net assets of governmental activities decreased \$36,986 or 10 percent during 2010 due to a slight increase in receipts and significant increases in Police, Fire, and General Fund expenditures.

Village of South Point, Lawrence County
Management's Discussion and Analysis
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Unaudited

Table 2 reflects the changes in net assets in 2011 and 2010 and the comparisons to fiscal year 2009.

	Governmental Activities 2011	Business Type Activities 2011	Total 2011	Governmental Activities 2010	Business Type Activities 2010	Total 2010	Governmental Activities 2009	Business Type Activities 2009	Total 2009
Receipts:									
Program Receipts:									
Charges for Services and Sales	\$94,589	\$1,817,990	\$1,912,579	\$109,463	\$1,736,177	\$1,845,640	\$92,968	\$1,574,407	\$1,667,375
Operating Grants and Contributions	263,555		263,555	250,422		250,422	241,520		241,520
Capital Grants and Contributions	355,667		355,667			0	4,000	20,831	24,831
Total Program Receipts	713,811	1,817,990	2,531,801	359,885	1,736,177	2,096,062	338,488	1,595,238	1,933,726
General Receipts:									
Property and Other Local Taxes	305,971		305,971	297,719		297,719	170,314		170,314
Other Taxes	1,783		1,783	1,472		1,472	47,928		47,928
Grants and Entitlements Not Restricted to Specific Programs	40,560		40,560			0	59,823		59,823
Cable Franchise Fees	49,159		49,159	48,166		48,166			0
Sale of Bonds			0			0		70,127	70,127
Sale of Capital Assets			0			0	1,560	12,157	13,717
Interest			0			0	2,257		2,257
Miscellaneous	26,427		26,427	1,646		1,646	5,739	6,900	12,639
Total General Receipts	423,900	0	423,900	349,003	0	349,003	287,621	89,184	376,805
Total Receipts	1,137,711	1,817,990	2,955,701	708,888	1,736,177	2,445,065	626,109	1,684,422	2,310,531
Disbursements:									
General Government	67,195		67,195	78,558		78,558	70,117		70,117
Security of Persons and Property	333,344		333,344	350,016		350,016	328,320		328,320
Public Health Services			0	1,700		1,700			0
Transportation	237,246		237,246	224,376		224,376	236,060		236,060
Capital Outlay	435,766		435,766	35,601		35,601	17,818		17,818
Principal Payments	53,860		53,860	50,598		50,598	49,098		49,098
Interest and Fiscal Charges	7,905		7,905	11,025		11,025	12,673		12,673
Water Operating Fund		463,725	463,725		393,756	393,756		436,272	436,272
Sewer Operating Fund		896,004	896,004		810,963	810,963		828,828	828,828
Sanitation Fund		160,753	160,753		159,990	159,990		143,367	143,367
Sewer Improvement Fund		40,550	40,550		40,550	40,550		99,337	99,337
Solida Sewer Bond Fund		49,681	49,681		49,626	49,626		49,647	49,647
Sub Waterworks Bond Fund		41,453	41,453		41,193	41,193		40,951	40,951
1st Mortgage Sewer Bond Fund		114,315	114,315		113,598	113,598		112,933	112,933
Step 3 Sewer Bond Fund		4,620	4,620		4,571	4,571		4,526	4,526
Water Improvement Bond Fund		5,759	5,759		5,759	5,759		5,759	5,759
Sewer Reserve Fund		11,559	11,559			0		15,144	15,144
Water Reserve Fund		25,000	25,000		6,037	6,037		15,000	15,000
Total Disbursements	1,135,316	1,813,419	2,948,735	751,874	1,626,043	2,377,917	714,086	1,751,764	2,465,850
Excess (Deficiency) Before Transfers	2,395	4,571	6,966	(42,986)	110,134	67,148	(87,977)	(67,342)	(155,319)
Transfers	29,403	(29,403)	0	6,000	(6,000)	(6,000)			0
Increase (Decrease) in Net Assets	31,798	(24,832)	6,966	(36,986)	104,134	67,148	(87,977)	(67,342)	(155,319)
Net Assets, January 1	324,434	520,200	844,634	361,420	416,066	777,486	449,397	483,408	932,805
Net Assets, December 31	\$356,232	\$495,368	\$851,600	\$324,434	\$520,200	\$844,634	\$361,420	\$416,066	\$777,486

In 2011, governmental activities program receipts represent 63% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

In 2010, governmental activities program receipts represent 50% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

In 2011, governmental activities general receipts represent 37% of the Village's total governmental receipts, and of this amount, 73% are property and local taxes. Other receipts such as inheritance tax, court fines and interest are unpredictable revenue sources.

In 2010, governmental activities general receipts represent 50% of the Village's total governmental receipts, and of this amount, 86% are property and local taxes. Other receipts such as court fines and interest are unpredictable revenue sources.

In 2011 and 2010, 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.

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

In 2011, Capital Outlay represents costs related to FEMA Firefighters Grant, Water Distribution Rehabilitation Project and Joint Repaving Project.

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 2011 and 2010, the major program disbursements for governmental activities are for transportation, capital outlay and security of persons and property. General government also represents a significant cost, about 6 percent in 2011 and 10 percent in 2010. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Village of South Point, Lawrence County
Management's Discussion and Analysis
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Unaudited

(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
	2011	2011	2010	2010	2009	2009
General Government	\$67,195	(\$27,394)	\$78,558	(\$30,905)	\$70,117	(\$18,776)
Security of Persons & Property	333,344	333,344	350,016	350,016	328,320	324,320
Public Health Services			1,700	1,700		
Community Environment						(35)
Basic Utility Services						(4,040)
Transportation	237,246	(26,309)	224,376	(26,046)	236,060	(5,460)
Capital Outlay	435,766	80,099	35,601	35,601	17,818	17,818
Principal Payments	53,860	53,860	50,598	50,598	49,098	49,098
Interest and Fiscal Charges	7,905	7,905	11,025	11,025	12,673	12,673
Total Expenses	\$1,135,316	\$421,505	\$751,874	\$391,989	\$714,086	\$375,598

Business-type Activities

The Village operates a municipal water system with approximately 2,247 customers, a sanitary sewer system with approximately 4,829 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 were completed in 2003 at a cost of \$680,000. A new water telemetry system was installed Nov. 2009 at a cost of \$54,700 which updated our water system. The Village was awarded Issue I funding in 2010 to replace about 1 mile of 8" C-900 waterline and valves and resident service connections along 4th St. as the present original line is frequently breaking. Total project cost was \$236,181.73. The sewer system improvement project was completed Feb. 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 2011, total governmental funds had receipts of \$1,120,951 and disbursements of \$1,118,556. The General Fund increased \$14,467 due to additional permissive motor vehicle license tax revenue. The Street Construction Fund decreased \$8,684 due to paving that was done within the Village.

In 2010, total governmental funds had receipts of \$708,887 and disbursements of \$751,874. The General Fund decreased \$21,549 due to an increase in Police Department expenditures. The Street Construction Fund decreased \$17,301 due to paving that was done within the Village.

General Fund receipts and expenditures are closely monitored as the receipts are limited and unpredictable such as inheritance tax, court fines and interest. The Police Department accounts for about 71% 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 2011, final General Fund disbursements were budgeted at \$380,412 while actual disbursements were \$372,561. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

During 2010, final General Fund disbursements were budgeted at \$423,994 while actual disbursements were \$408,115. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

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, 2011, the Village's outstanding debt included \$1,345,944 in general obligation bonds, mortgage revenue bonds and improvement bonds for various water and sewer loans. The Village also had \$784,488 in Ohio Public Works Commission bonds outstanding. For further information regarding the Village's debt, refer to the basic financial statements, Note 10.

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. 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 2nd St. W., South Point OH 45680. Phone 740-377-4838; e-mail: southpoint@zoominternet.net; web: www.villageofsouthpoint.com.

Village of South Point, Ohio
Lawrence County
Statement of Net Assets - Cash Basis
December 31, 2011

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$356,232</u>	<u>\$495,368</u>	<u>\$851,600</u>
<i>Total Assets</i>	<u><u>\$356,232</u></u>	<u><u>\$495,368</u></u>	<u><u>\$851,600</u></u>
Net Assets			
Restricted for:			
Debt Service	\$14,608		\$14,608
Other Purposes	208,691		208,691
Unrestricted	<u>132,933</u>	<u>\$495,368</u>	<u>628,301</u>
<i>Total Net Assets</i>	<u><u>\$356,232</u></u>	<u><u>\$495,368</u></u>	<u><u>\$851,600</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

	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	
Governmental Activities								
Current:								
Security of Persons and Property	\$333,344				(\$333,344)		(\$333,344)	
Transportation	237,246		\$263,555		26,309		26,309	
General Government	67,195	\$94,589			27,394		27,394	
Capital Outlay	435,766			\$355,667	(80,099)		(80,099)	
Debt Service:								
Principal Retirement	53,860				(53,860)		(53,860)	
Interest and Fiscal Charges	7,905				(7,905)		(7,905)	
<i>Total Governmental Activities</i>	<u>1,135,316</u>	<u>94,589</u>	<u>263,555</u>	<u>355,667</u>	<u>(421,505)</u>	<u>\$0</u>	<u>(421,505)</u>	
Business-Type Activities								
Water Operating	463,725	507,368				43,643	43,643	
Sewer Operating	896,004	1,148,967				252,963	252,963	
Sanitation	160,753	161,655				902	902	
Sewer Improvement Bond	40,550				(40,550)		(40,550)	
Solida Sewer Bond	49,681				(49,681)		(49,681)	
Sub Waterworks Bond	41,453				(41,453)		(41,453)	
1st Mortgage Sewer Bond	114,315				(114,315)		(114,315)	
Step 3 Sewer Bond	4,620				(4,620)		(4,620)	
Water Improvement Bond	5,759				(5,759)		(5,759)	
Sewer Reserve	11,559				(11,559)		(11,559)	
Water Reserve	25,000				(25,000)		(25,000)	
<i>Total Business-Type Activities</i>	<u>1,813,419</u>	<u>1,817,990</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,571</u>	<u>4,571</u>	
<i>Total Primary Government</i>	<u>\$2,948,735</u>	<u>\$1,912,579</u>	<u>\$263,555</u>	<u>\$355,667</u>	<u>(421,505)</u>	<u>4,571</u>	<u>(416,934)</u>	
General Receipts:								
					305,971		305,971	
					1,783		1,783	
					40,560		40,560	
					49,159		49,159	
					26,427		26,427	
					29,403	(29,403)	0	
<i>Total General Receipts and Transfers</i>					<u>453,303</u>	<u>(29,403)</u>	<u>423,900</u>	
						31,798	(24,832)	6,966
						<u>324,434</u>	<u>520,200</u>	<u>844,634</u>
						<u>\$356,232</u>	<u>\$495,368</u>	<u>\$851,600</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
 Lawrence County
 Statement of Assets and Fund Balances - Cash Basis
 Governmental Funds
 December 31, 2011

	General Fund	Street Construction Fund	FEMA Fire Fund	Permissive Motor Vehicle License Fund	Water Distribution Rehabilitation Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash	\$132,933	\$82,178	\$55,130	\$48,401	\$0	\$37,590	\$356,232
<i>Total Assets</i>	<u>\$132,933</u>	<u>\$82,178</u>	<u>\$55,130</u>	<u>\$48,401</u>	<u>\$0</u>	<u>\$37,590</u>	<u>\$356,232</u>
Fund Balances							
Restricted		\$82,178	\$55,130	\$48,401	\$0	\$37,590	\$223,299
Unassigned (Deficit)	\$132,933						132,933
<i>Total Fund Balances</i>	<u>\$132,933</u>	<u>\$82,178</u>	<u>\$55,130</u>	<u>\$48,401</u>	<u>\$0</u>	<u>\$37,590</u>	<u>\$356,232</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2011

	General Fund	Street Construction Fund	FEMA Fire Fund	Permissive Motor Vehicle License Fund	Water Distribution Rehabilitation Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property Taxes	\$204,260					\$58,136	\$262,396
Intergovernmental	64,666	\$221,500	\$173,469	\$42,054	\$179,498	50,520	731,707
Special Assessments		2,673					2,673
Charges for Services	4,000						4,000
Fines, Licenses and Permits	108,740					4,439	113,179
Miscellaneous	4,217	71				2,708	6,996
<i>Total Receipts</i>	<u>385,883</u>	<u>224,244</u>	<u>173,469</u>	<u>42,054</u>	<u>179,498</u>	<u>115,803</u>	<u>1,120,951</u>
Disbursements							
Current:							
Security of Persons and Property	289,042					44,302	333,344
Transportation		220,486					220,486
General Government	65,432					1,763	67,195
Capital Outlay	16,942		118,339	27,558	214,901	58,026	435,766
Debt Service:							
Principal Retirement						53,860	53,860
Interest and Fiscal Charges						7,905	7,905
<i>Total Disbursements</i>	<u>371,416</u>	<u>220,486</u>	<u>118,339</u>	<u>27,558</u>	<u>214,901</u>	<u>165,856</u>	<u>1,118,556</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,467</u>	<u>3,758</u>	<u>55,130</u>	<u>14,496</u>	<u>(35,403)</u>	<u>(50,053)</u>	<u>2,395</u>
Other Financing Sources (Uses)							
Transfers In					29,403	46,784	76,187
Transfers Out		(12,442)		(12,442)		(21,900)	(46,784)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(12,442)</u>	<u>0</u>	<u>(12,442)</u>	<u>29,403</u>	<u>24,884</u>	<u>29,403</u>
<i>Net Change in Fund Balances</i>	14,467	(8,684)	55,130	2,054	(6,000)	(25,169)	31,798
<i>Fund Balances Beginning of Year</i>	<u>118,466</u>	<u>90,862</u>	<u>0</u>	<u>46,347</u>	<u>6,000</u>	<u>62,759</u>	<u>324,434</u>
<i>Fund Balances End of Year</i>	<u>\$132,933</u>	<u>\$82,178</u>	<u>\$55,130</u>	<u>\$48,401</u>	<u>\$0</u>	<u>\$37,590</u>	<u>\$356,232</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$206,666	\$204,260	\$204,260	\$0
Intergovernmental	58,000	64,666	64,666	0
Charges for Services	3,000	4,000	4,000	0
Fines, Licenses and Permits	104,000	108,740	108,740	0
Earnings on Investments	1,000			0
Miscellaneous	3,000	4,217	4,217	0
<i>Total Receipts</i>	<u>375,666</u>	<u>385,883</u>	<u>385,883</u>	<u>0</u>
Disbursements				
Current:				
Security of Persons and Property	263,100	295,432	290,187	5,245
Public Health Services	2,500			0
General Government	64,977	67,527	65,432	2,095
Capital Outlay	17,000	17,453	16,942	511
<i>Total Disbursements</i>	<u>347,577</u>	<u>380,412</u>	<u>372,561</u>	<u>7,851</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>28,089</u>	<u>5,471</u>	<u>13,322</u>	<u>7,851</u>
Other Financing Sources (Uses)				
Other Financing Uses	(3,000)			0
<i>Total Other Financing Sources (Uses)</i>	<u>(3,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	25,089	5,471	13,322	7,851
<i>Fund Balance Beginning of Year</i>	118,389	118,389	118,389	0
Prior Year Encumbrances Appropriated	77	77	77	0
<i>Fund Balance End of Year</i>	<u>\$143,555</u>	<u>\$123,937</u>	<u>\$131,788</u>	<u>\$7,851</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$228,000	\$221,500	\$221,500	0
Special Assessments		2,673	2,673	0
Earnings on Investments	1,000			0
Miscellaneous	1,000	16,831	71	(16,760)
<i>Total Receipts</i>	<u>230,000</u>	<u>241,004</u>	<u>224,244</u>	<u>(16,760)</u>
Disbursements				
Current:				
Transportation	215,077	250,635	220,486	30,149
<i>Total Disbursements</i>	<u>215,077</u>	<u>250,635</u>	<u>220,486</u>	<u>30,149</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,923</u>	<u>(9,631)</u>	<u>3,758</u>	<u>13,389</u>
Other Financing Sources (Uses)				
Transfers Out	(20,000)	(12,442)	(12,442)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(12,442)</u>	<u>(12,442)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(5,077)	(22,073)	(8,684)	13,389
<i>Fund Balance Beginning of Year</i>	90,784	90,784	90,784	0
Prior Year Encumbrances Appropriated	77	77	77	0
<i>Fund Balance End of Year</i>	<u>\$85,784</u>	<u>\$68,788</u>	<u>\$82,177</u>	<u>\$13,389</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
FEMA Fire Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental		\$173,469	\$173,469	\$0
<i>Total Receipts</i>	\$0	173,469	173,469	0
Disbursements				
Capital Outlay		173,469	118,339	55,130
<i>Total Disbursements</i>	0	173,469	118,339	55,130
<i>Excess of Receipts Over (Under) Disbursements</i>	0	0	55,130	55,130
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	55,130	55,130
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$55,130</u>	<u>\$55,130</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Permissive Motor Vehicle License Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$23,500	\$42,054	\$42,054	\$0
Earnings on Investments	600			0
<i>Total Receipts</i>	<u>24,100</u>	<u>42,054</u>	<u>42,054</u>	<u>0</u>
Disbursements				
Capital Outlay	20,000	27,558	27,558	0
<i>Total Disbursements</i>	<u>20,000</u>	<u>27,558</u>	<u>27,558</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,100</u>	<u>14,496</u>	<u>14,496</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers Out	(20,000)	(12,442)	(12,442)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(12,442)</u>	<u>(12,442)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(15,900)	2,054	2,054	0
<i>Fund Balance Beginning of Year</i>	<u>46,347</u>	<u>46,347</u>	<u>46,347</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$30,447</u></u>	<u><u>\$48,401</u></u>	<u><u>\$48,401</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
 Lawrence County
 Statement of Fund Net Assets - Cash Basis
 Proprietary Funds
 December 31, 2011

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	1st Mortgage Sewer Bond Fund	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$135,247	\$132,822	\$55,999	\$171,300	\$495,368
<i>Total Assets</i>	<u>\$135,247</u>	<u>\$132,822</u>	<u>\$55,999</u>	<u>\$171,300</u>	<u>\$495,368</u>
Net Assets					
Unrestricted	\$135,247	\$132,822	\$55,999	\$171,300	495,368
<i>Total Net Assets</i>	<u>\$135,247</u>	<u>\$132,822</u>	<u>\$55,999</u>	<u>\$171,300</u>	<u>\$495,368</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	1st Mortgage Sewer Bond Fund	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$499,433	\$1,085,533	\$0	\$161,656	\$1,746,622
<i>Total Operating Receipts</i>	499,433	1,085,533	0	161,656	1,746,622
Operating Disbursements					
Personal Services	171,439	255,992			427,431
Employee Fringe Benefits	128,857	266,972			395,829
Contractual Services	100,022	186,582		160,753	447,357
Supplies and Materials	63,407	71,821			135,228
<i>Total Operating Disbursements</i>	463,725	781,367	0	160,753	1,405,845
<i>Operating Income (Loss)</i>	35,708	304,166	0	903	340,777
Non-Operating Receipts (Disbursements)					
Miscellaneous Receipts	7,935				7,935
Capital Outlay		(51,205)		(36,559)	(87,764)
Principal Retirement			(86,937)	(94,168)	(181,105)
Interest and Other Fiscal Charges			(27,378)	(47,894)	(75,272)
<i>Total Non-Operating Receipts (Disbursements)</i>	7,935	(51,205)	(114,315)	(178,621)	(336,206)
<i>Income (Loss) before Transfers</i>	43,643	252,961	(114,315)	(177,718)	4,571
Transfers In		1,500	113,592	164,804	279,896
Transfers Out	(87,347)	(220,452)		(1,500)	(309,299)
<i>Change in Net Assets</i>	(43,704)	34,009	(723)	(14,414)	(24,832)
<i>Net Assets Beginning of Year</i>	178,951	98,813	56,722	185,714	520,200
<i>Net Assets End of Year</i>	<u>\$135,247</u>	<u>\$132,822</u>	<u>\$55,999</u>	<u>\$171,300</u>	<u>\$495,368</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,516</u>
<i>Total Assets</i>	<u><u>\$6,516</u></u>
Net Assets	
Held on Behalf of Mayor's Court	<u>\$6,516</u>
<i>Total Net Assets</i>	<u><u>\$6,516</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Net Assets - Cash Basis
December 31, 2010

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$324,434	\$520,200	\$844,634
<i>Total Assets</i>	<u>\$324,434</u>	<u>\$520,200</u>	<u>\$844,634</u>
Net Assets			
Restricted for:			
Capital Projects	\$6,000		\$6,000
Debt Service	29,590		\$29,590
Other Purposes	170,378		170,378
Unrestricted	118,466	\$520,200	638,666
<i>Total Net Assets</i>	<u>\$324,434</u>	<u>\$520,200</u>	<u>\$844,634</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Current:						
Security of Persons and Property	\$350,016			(\$350,016)		(\$350,016)
Public Health Services	1,700			(\$1,700)		(\$1,700)
Transportation	224,376		\$250,422	26,046		26,046
General Government	78,558	\$109,463		30,905		30,905
Capital Outlay	35,601			(35,601)		(35,601)
Debt Service:						
Principal Retirement	50,598			(50,598)		(50,598)
Interest and Fiscal Charges	11,025			(11,025)		(11,025)
<i>Total Governmental Activities</i>	<u>751,874</u>	<u>109,463</u>	<u>250,422</u>	<u>(391,989)</u>	<u>\$0</u>	<u>(391,989)</u>
Business-Type Activities						
Water Operating	393,756	494,346			100,590	100,590
Sewer Operating	810,963	1,079,490			268,527	268,527
Sanitation	159,990	162,341			2,351	2,351
Sewer Improvement Bond	40,550				(40,550)	(40,550)
Solida Sewer Bond	49,626				(49,626)	(49,626)
Sub Waterworks Bond	41,193				(41,193)	(41,193)
1st Mortgage Sewer Bond	113,598				(113,598)	(113,598)
Step 3 Sewer Bond	4,571				(4,571)	(4,571)
Water Improvement Bond	5,759				(5,759)	(5,759)
Water Reserve	6,037				(6,037)	(6,037)
<i>Total Business-Type Activities</i>	<u>1,626,043</u>	<u>1,736,177</u>	<u>0</u>	<u>0</u>	<u>110,134</u>	<u>110,134</u>
<i>Total Primary Government</i>	<u>\$2,377,917</u>	<u>\$1,845,640</u>	<u>\$250,422</u>	<u>(391,989)</u>	<u>110,134</u>	<u>(281,855)</u>
General Receipts:						
				297,719		297,719
				1,472		1,472
				48,166		48,166
				1,646		1,646
				6,000	(6,000)	0
<i>Total General Receipts and Transfers</i>				<u>355,003</u>	<u>(6,000)</u>	<u>349,003</u>
				(36,986)	104,134	67,148
<i>Net Assets Beginning of Year</i>				<u>361,420</u>	<u>416,066</u>	<u>777,486</u>
<i>Net Assets End of Year</i>				<u>\$324,434</u>	<u>\$520,200</u>	<u>\$844,634</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
 December 31, 2010

	General Fund	Street Construction Fund	Permissive Motor Vehicle License Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash	\$118,466	\$90,862	\$46,347	\$68,759	\$324,434
<i>Total Assets</i>	<u>\$118,466</u>	<u>\$90,862</u>	<u>\$46,347</u>	<u>\$68,759</u>	<u>\$324,434</u>
Fund Balances					
Restricted		\$90,862	\$46,347	\$68,759	\$205,968
Assigned	\$14,996				14,996
Unassigned (Deficit)	103,470				103,470
<i>Total Fund Balances</i>	<u>\$118,466</u>	<u>\$90,862</u>	<u>\$46,347</u>	<u>\$68,759</u>	<u>\$324,434</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Street Construction Fund	Permissive Motor Vehicle License Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	\$196,639			\$57,356	\$253,995
Intergovernmental	65,174	\$227,031	\$23,391	11,817	327,413
Charges for Services	5,960				5,960
Fines, Licenses and Permits	117,348			2,526	119,874
Miscellaneous	1,368			278	1,646
<i>Total Receipts</i>	<u>386,489</u>	<u>227,031</u>	<u>23,391</u>	<u>71,977</u>	<u>708,888</u>
Disbursements					
Current:					
Security of Persons and Property	303,484			46,532	350,016
Public Health Services	1,700				1,700
Transportation		224,376			224,376
General Government	68,253			10,305	78,558
Capital Outlay	24,601			11,000	35,601
Debt Service:					
Principal Retirement				50,598	50,598
Interest and Fiscal Charges				11,025	11,025
<i>Total Disbursements</i>	<u>398,038</u>	<u>224,376</u>	<u>0</u>	<u>129,460</u>	<u>751,874</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,549)</u>	<u>2,655</u>	<u>23,391</u>	<u>(57,483)</u>	<u>(42,986)</u>
Other Financing Sources (Uses)					
Transfers In				77,812	77,812
Transfers Out	(10,000)	(19,956)	(19,956)	(21,900)	(71,812)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,000)</u>	<u>(19,956)</u>	<u>(19,956)</u>	<u>55,912</u>	<u>6,000</u>
<i>Net Change in Fund Balances</i>	(21,549)	(17,301)	3,435	(1,571)	(36,986)
<i>Fund Balances Beginning of Year</i>	<u>140,015</u>	<u>108,163</u>	<u>42,912</u>	<u>70,330</u>	<u>361,420</u>
<i>Fund Balances End of Year</i>	<u><u>\$118,466</u></u>	<u><u>\$90,862</u></u>	<u><u>\$46,347</u></u>	<u><u>\$68,759</u></u>	<u><u>\$324,434</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$184,077	\$184,077	\$196,639	\$12,562
Intergovernmental	61,011	61,011	65,174	4,163
Charges for Services	5,579	5,579	5,960	381
Fines, Licenses and Permits	109,852	109,852	117,348	7,496
Miscellaneous	1,281	1,281	1,368	87
<i>Total Receipts</i>	<u>361,800</u>	<u>361,800</u>	<u>386,489</u>	<u>24,689</u>
Disbursements				
Current:				
Security of Persons and Property	302,500	307,789	303,483	4,306
Public Health Services		2,000	1,700	300
General Government	80,085	74,205	68,330	5,875
Capital Outlay	8,000	30,000	24,602	5,398
<i>Total Disbursements</i>	<u>390,585</u>	<u>413,994</u>	<u>398,115</u>	<u>15,879</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(28,785)</u>	<u>(52,194)</u>	<u>(11,626)</u>	<u>40,568</u>
Other Financing Sources (Uses)				
Transfers Out		(10,000)	(10,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(28,785)	(62,194)	(21,626)	40,568
<i>Fund Balance Beginning of Year</i>	139,906	139,906	139,906	0
Prior Year Encumbrances Appropriated	109	109	109	0
<i>Fund Balance End of Year</i>	<u>\$111,230</u>	<u>\$77,821</u>	<u>\$118,389</u>	<u>\$40,568</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	<u>\$230,000</u>	<u>\$227,031</u>	<u>\$227,031</u>	<u>\$0</u>
<i>Total Receipts</i>	<u>230,000</u>	<u>227,031</u>	<u>227,031</u>	<u>0</u>
Disbursements				
Current:				
Transportation	<u>228,600</u>	<u>240,634</u>	<u>224,454</u>	<u>16,180</u>
<i>Total Disbursements</i>	<u>228,600</u>	<u>240,634</u>	<u>224,454</u>	<u>16,180</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,400</u>	<u>(13,603)</u>	<u>2,577</u>	<u>16,180</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,956)</u>	<u>44</u>
<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>	<u>(18,600)</u>	<u>(33,603)</u>	<u>(17,379)</u>	<u>16,224</u>
<i>Fund Balance Beginning of Year</i>	<u>108,129</u>	<u>108,129</u>	<u>108,129</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>34</u>	<u>34</u>	<u>34</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$89,563</u></u>	<u><u>\$74,560</u></u>	<u><u>\$90,784</u></u>	<u><u>\$16,224</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Permissive Motor Vehicle License Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	<u>\$23,600</u>	<u>\$23,391</u>	<u>\$23,391</u>	<u>\$0</u>
<i>Total Receipts</i>	<u>23,600</u>	<u>23,391</u>	<u>23,391</u>	<u>0</u>
Disbursements				
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
<i>Total Disbursements</i>	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,600</u>	<u>8,391</u>	<u>23,391</u>	<u>15,000</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,956)</u>	<u>44</u>
<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>	<u>(11,400)</u>	<u>(11,609)</u>	<u>3,435</u>	<u>15,044</u>
<i>Fund Balance Beginning of Year</i>	<u>42,912</u>	<u>42,912</u>	<u>42,912</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$31,512</u></u>	<u><u>\$31,303</u></u>	<u><u>\$46,347</u></u>	<u><u>\$15,044</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
 Lawrence County
 Statement of Fund Net Assets - Cash Basis
 Proprietary Funds
 December 31, 2010

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	1st Mortgage Sewer Bond Fund	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$178,951	\$98,813	\$56,722	\$185,714	\$520,200
<i>Total Assets</i>	<u>\$178,951</u>	<u>\$98,813</u>	<u>\$56,722</u>	<u>\$185,714</u>	<u>\$520,200</u>
Net Assets					
Unrestricted	\$178,951	\$98,813	\$56,722	\$185,714	520,200
<i>Total Net Assets</i>	<u>\$178,951</u>	<u>\$98,813</u>	<u>\$56,722</u>	<u>\$185,714</u>	<u>\$520,200</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	1st Mortgage Sewer Bond Fund	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$487,273	\$1,079,490	\$0	\$162,342	\$1,729,105
<i>Total Operating Receipts</i>	<u>487,273</u>	<u>1,079,490</u>	<u>0</u>	<u>162,342</u>	<u>1,729,105</u>
Operating Disbursements					
Personal Services	136,871	284,576			421,447
Employee Fringe Benefits	93,255	221,622			314,877
Contractual Services	91,880	198,838		159,990	450,708
Supplies and Materials	52,450	85,936			138,386
<i>Total Operating Disbursements</i>	<u>374,456</u>	<u>790,972</u>	<u>0</u>	<u>159,990</u>	<u>1,325,418</u>
<i>Operating Income (Loss)</i>	<u>112,817</u>	<u>288,518</u>	<u>0</u>	<u>2,352</u>	<u>403,687</u>
Non-Operating Receipts (Disbursements)					
Miscellaneous Receipts	7,072				7,072
Capital Outlay	(19,300)	(19,992)		(6,037)	(45,329)
Principal Retirement			(80,579)	(90,979)	(171,558)
Interest and Other Fiscal Charges			(33,019)	(50,719)	(83,738)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(12,228)</u>	<u>(19,992)</u>	<u>(113,598)</u>	<u>(147,735)</u>	<u>(293,553)</u>
<i>Income (Loss) before Transfers</i>	100,589	268,526	(113,598)	(145,383)	110,134
Transfers In		1,500	113,400	165,888	280,788
Transfers Out	(65,160)	(220,128)		(1,500)	(286,788)
<i>Change in Net Assets</i>	35,429	49,898	(198)	19,005	104,134
<i>Net Assets Beginning of Year</i>	<u>143,522</u>	<u>48,915</u>	<u>56,920</u>	<u>166,709</u>	<u>416,066</u>
<i>Net Assets End of Year</i>	<u>\$178,951</u>	<u>\$98,813</u>	<u>\$56,722</u>	<u>\$185,714</u>	<u>\$520,200</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,230</u>
<i>Total Assets</i>	<u><u>\$4,230</u></u>
Net Assets	
Held on Behalf of Mayor's Court	<u>\$4,230</u>
<i>Total Net Assets</i>	<u><u>\$4,230</u></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, 2011 and 2010

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 are included to ensure the financial statements of the Village are not misleading.

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.

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 financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Village. The Village has no component units.

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 participated in a public entity risk pool. This organization is the Ohio Municipal Joint Self Insurance Pool (the Pool). It is a non-assessable, unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program. Pursuant to Section 2744.081 of the Ohio Revised Code, the Pool is deemed a separate legal entity. The Pool provides a program of property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverage's, modified for each participant's needs. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the participant's deductibles. Note 7 to the financial statements provide additional information for the entity.

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

Village of South Point
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, 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 modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. 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.

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 in nature and those that are considered business-type activities. 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 program or function of the Village's governmental activities 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support 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 program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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 fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

Village of South Point
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

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.

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 in three categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General Fund (2011 and 2010) 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.

Street Construction Fund (2011 and 2010) The Street Construction Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of streets within the Village.

Permissive Motor Vehicle License Fund (2011 and 2010) The Permissive Motor Vehicle License Fund accounts for and reports that portion of the State motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

FEMA Fire Fund (2011 only) The FEMA Fire Fund received grant monies to provide firefighter training and upgrade equipment.

Water Distribution Rehabilitation Fund (2011 only) The Water Distribution Rehabilitation Fund accounts for grant funds restricted to replace water lines, valves, service connections, and system connections on Third and Fourth Streets from North Kenova Road to Davidson Street.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned 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 funds or internal service funds.

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 following are the Village's major enterprise funds for 2011 and 2010:

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.

1st Mortgage Sewer Bond Fund The 1st Mortgage Sewer Bond accounts for making the necessary bond payments when due.

Village of South Point
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Village on a cost reimbursement basis. The Village has no internal service funds.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village has one agency fund, 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.

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.

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

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

Village of South Point
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Cash

To improve cash management, cash received by the Village is pooled. Individual fund integrity is maintained through Village records.

Inventory and Prepaid Items

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

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.

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.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for 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.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when 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 is reported at inception. Lease payments are reported when paid.

Net Assets

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to

Village of South Point
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

be converted to cash. It also includes the long-term amount of interfund loans. The Village did not have any nonspendable fund balance in 2011 or 2010.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

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

Village of South Point
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Accounting Principle

For 2011 and 2010, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on actual beginning fund balances.

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 – Budgetary Basis presented for the General Fund, Permissive Motor Vehicle License Fund and Street Construction Fund for 2010 and the General Fund, Permissive Motor Vehicle License Fund, Street Construction Fund, and FEMA Fire Fund for 2011 is 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 restricted, committed or assigned fund balance (cash basis). In 2010, the encumbrances outstanding at year end (budgetary basis) amounted to \$77 for the General Fund and \$77 for the Street Construction Fund; and in 2011, \$1,145 for the General Fund and \$2,608 for the FEMA Fire Fund.

Note 5 – Deposits

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

Active deposits are public deposits 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;

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, \$858,116 of the Village's bank balance was covered by Federal Deposit Insurance Corporation. At December 31, 2010, \$848,864 was covered by Federal Deposit Insurance Corporation. These balances were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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.

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Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2011, was \$1.8 per \$1,000 of assessed value. The full tax rate for all Village operations for the year ended December 31, 2010, was \$6.1 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

	2011	2010
Real Property		
Residential/Agricultural	\$48,362,920	\$44,956,160
Public Utility Personal Property	7,450,950	6,728,120
Tangible Personal Property	3,504,840	2,860,000
Total	<u>\$59,318,710</u>	<u>\$54,544,280</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

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 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 December 31, 2010, retention levels are \$150,000 for property and casualty coverage.

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

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The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$1,950,167	\$ 2,109,514
Liabilities	<u>(1,656,732)</u>	<u>(1,920,839)</u>
Accumulated deficit	<u>\$293,435</u>	<u>\$188,675</u>

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions. For the year ended December 31, 2011 and 2010, members in the state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2011 and 2010, member and employer contribution rates were consistent across all three plans.

The Village's 2011 and 2010 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

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The Village's required contributions for pension obligations to the Traditional Pension for the years ended December 31, 2011, 2010, and 2009 were \$100,113, \$84,596, and \$86,269 respectively. The full amount has been contributed for 2011, 2010, and 2009. The Village had no members participate in the Combined Plan or the Member-Directed Plan.

Ohio Police and Fire Pension Fund

Plan Description – 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers. The Village's contributions to OP&F for police were \$2,750 for the year ended December 31, 2011, \$4,756 for year ended December 31, 2010, and \$13,420 for the year ended December 31, 2009. The full amount has been contributed for 2011, 2010, and 2009.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority

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requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$35,755, \$30,213, and \$36,975, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

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 increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of

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the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police employers. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$952 for the year ended December 31, 2011, and \$1,646 for the year ended December 31, 2010, and \$4,717 for the year ended December 31, 2009. The full amount has been contributed for 2011, 2010, and 2009.

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Note 10 - Debt

The Village's long-term debt activity for the year ended December 31, 2011, was as follows:

	Interest Rate	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
<u>Governmental Activities</u>					
General Obligation Bonds					
Fire Truck Bond (2007)	4.76%	\$127,714		\$15,801	\$111,913
Street Repaving Bond (2002)	4.75%	38,000		38,000	0
Total General Obligation Bonds		<u>165,714</u>	<u>\$0</u>	<u>53,801</u>	<u>111,913</u>
<u>Business Type Activities</u>					
Solida Sewer G.O. Bond (2002)	4.50%	821,800		12,700	809,100
<u>OWDA Mortgage Revenue Bonds</u>					
Step 3 Sewer Bond (1989)	8.47%	14,078		3,635	10,443
SubWaterworks Bond (1990)	7.89%	141,827		31,525	110,302
1st Mortgage Sewer Bond (1990)	7.89%	391,123		86,937	304,186
Total Mortgage Revenue Bonds		<u>547,028</u>	<u>0</u>	<u>122,097</u>	<u>424,931</u>
<u>OPWC Bonds</u>					
OPWC Water Improvement Bond (2004)	0%	80,621		5,758	74,863
OPWC Sewer Improvement Bond (2009)	0%	750,175		40,550	709,625
Total OPWC Bonds		<u>830,796</u>	<u>0</u>	<u>46,308</u>	<u>784,488</u>
Total Business Type Activities		<u>2,199,624</u>	<u>0</u>	<u>181,105</u>	<u>2,018,519</u>
Total		<u>\$2,365,338</u>	<u>\$0</u>	<u>\$234,906</u>	<u>\$2,130,432</u>

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The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
<u>Governmental Activities</u>					
General Obligation Bonds					
Fire Truck Bond (2007)	4.76%	\$142,797		\$15,083	\$127,714
Street Repaving Bond (2002)	4.75%	74,200		36,200	38,000
Total General Obligation Bonds		<u>216,997</u>	<u>\$0</u>	<u>51,283</u>	<u>165,714</u>
<u>Business Type Activities</u>					
Solida Sewer G.O. Bond (2002)					
	4.50%	833,900		12,100	821,800
<u>OWDA Mortgage Revenue Bonds</u>					
Step 3 Sewer Bond (1989)	8.47%	17,429		3,351	14,078
SubWaterworks Bond (1990)	7.89%	171,046		29,219	141,827
1st Mortgage Sewer Bond (1990)	7.89%	471,702		80,579	391,123
Total Mortgage Revenue Bonds		<u>660,177</u>	<u>0</u>	<u>113,149</u>	<u>547,028</u>
<u>OPWC Bonds</u>					
OPWC Water Improvement Bond (2004)	0%	86,380		5,759	80,621
OPWC Sewer Improvement Bond (2009)	0%	790,725		40,550	750,175
Total OPWC Bonds		<u>877,105</u>	<u>0</u>	<u>46,309</u>	<u>830,796</u>
Total Business Type Activities		<u>2,371,182</u>	<u>0</u>	<u>171,558</u>	<u>2,199,624</u>
Total		<u>\$2,588,179</u>	<u>\$0</u>	<u>\$222,841</u>	<u>\$2,365,338</u>

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:

	Governmental Type Activity Debt		
	Principal	Interest	Total
2012	\$16,553	\$5,327	\$21,880
2013	17,341	4,539	21,880
2014	18,166	3,714	21,880
2015	19,031	2,849	21,880
2016	19,937	1,943	21,880
2017	20,885	994	21,879
Total	<u>\$111,913</u>	<u>\$19,366</u>	<u>\$131,279</u>

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Business Type Activity Debt

Total OWDA Mortgage Revenue Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$131,751	\$29,745	\$161,496
2013	142,169	20,523	162,692
2014	151,011	10,556	161,567
Total	\$424,931	\$60,824	\$485,755

OPWC Water & Sewer System Improvement Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$46,310	\$0	\$46,310
2013	46,310	0	46,310
2014	46,310	0	46,310
2015	46,310	0	46,310
2016	46,310	0	46,310
2017-2021	231,545	0	231,545
2022-2026	220,025	0	220,025
2027-2029	101,368	0	101,368
Total	\$784,488	\$0	\$784,488

Solida Sewer General Obligation Bond			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$13,300	\$36,410	\$49,710
2013	13,900	35,811	49,711
2014	14,400	35,186	49,586
2015	15,200	34,538	49,738
2016	15,800	33,854	49,654
2017-2021	90,400	157,937	248,337
2022-2026	112,700	135,680	248,380
2027-2031	140,400	107,937	248,337
2032-2036	175,000	73,373	248,373
2037-2041	218,000	30,294	248,294
Total	\$809,100	\$681,020	\$1,490,120

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, 2011 and 2010, respectively, were an overall debt margin of \$5,307,452 and \$4,739,635 and an unvoted debt margin of \$2,341,516 and \$2,012,421.

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Note 11 – Fund Balances

Fund balance is classified as restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

2011							
Fund Balances	General Fund	Street Construction Fund	FEMA Fire Fund	Permissive Motor Vehicle License Fund	Water Distribution Rehab Fund	Other Governmental Funds	Total
Restricted for							
Road Improvements		\$82,178		\$48,401			\$130,579
Fire Protection			55,130			18,084	73,214
Debt Service						14,609	14,609
Mayor's Court Computer						4,897	4,897
<i>Total Restricted</i>	\$0	82,178	55,130	48,401	\$0	37,590	223,299
Unassigned (deficits):	132,933						132,933
<i>Total Fund Balances</i>	<u>\$132,933</u>	<u>\$82,178</u>	<u>\$55,130</u>	<u>\$48,401</u>	<u>\$0</u>	<u>\$37,590</u>	<u>\$356,232</u>

2010					
Fund Balances	General Fund	Street Construction Fund	Permissive Motor Vehicle License Fund	Other Governmental Funds	Total
Restricted for					
Road Improvements			\$90,862	\$46,347	\$137,209
Fire Operations				\$30,948	30,948
Debt Service				29,590	29,590
Capital Improvements				6,000	6,000
Mayor's Court Computer				2,221	2,221
<i>Total Restricted</i>	\$0	90,862	46,347	68,759	205,968
Assigned to					
Encumbrances	14,996				14,996
Unassigned (deficits):	103,470				103,470
<i>Total Fund Balances</i>	<u>\$118,466</u>	<u>\$90,862</u>	<u>\$46,347</u>	<u>\$68,759</u>	<u>\$324,434</u>

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Note 12 - Interfund Transfers

The following transfers were made:

From:	To:	2011 Amount	2010 Amount
Water Fund	Sub Waterworks Bond Fund	\$41,184	\$41,400
Water Fund	Water Improvement Bond Fund	5,760	5,760
	Water Distribution Rehabilitation		
Water Fund	Fund	29,403	6,000
Water Fund	Water Reserve Fund	11,000	12,000
Sewer Fund	Sewer Reserve Fund	12,000	12,000
Sewer Fund	1st Mortgage Sewer Bond Fund	113,592	113,400
Sewer Fund	Step 3 Sewer Bond Fund	4,620	4,608
Sewer Fund	Solida Sewer Bond Fund	49,680	49,560
Sewer Fund	Sewer Improv. Project	40,560	40,560
Street Fund	Street Repaving Bond Fund	12,442	19,956
Permissive Motor Vehicle Tax Fund	Street Repaving Bond Fund	12,442	19,956
Sanitation Fund	Sewer Fund	1,500	1,500
General Fund	Mayor's Court Computer Fund		10,000
Fire Department Fund	Fire Truck Bond Fund	21,900	21,900
	Total Transfers	<u>\$356,083</u>	<u>\$358,600</u>

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

Note 13 – 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.



Dave Yost • 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 2nd 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, 2011 and 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon June 25, 2012, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles and adopted the provisions of Governmental Accounting Standards Board Statement No. 54. We also noted 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(A) mandates 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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting 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.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 25, 2012.

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

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

June 25, 2012

**VILLAGE OF SOUTH POINT
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 5705.36 (A)(2), appropriations exceeding actual resources	Yes	
2009-002	Financial Reporting	No	Partially Corrected. Included in Management Letter



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 26, 2012