



**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY

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**STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of South Point  
Lawrence County  
408 Second Street West  
South Point, Ohio 45680

To the Village Council:

We have audited the accompanying financial statements of the Village of South Point, Lawrence County, Ohio (the Village), as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Village of South Point, Lawrence County, as of December 31, 2000, and its combined cash receipts and disbursements for the year then ended in on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statements of the Village, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Village of South Point  
Lawrence County  
Report of Independent Accountants  
Page 2

This report is intended solely for the information and use of the audit committee, management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 13, 2002

VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$97,717	\$52,714	\$	\$	\$150,431
Special Assessments		5,223			5,223
Intergovernmental Receipts	53,772	202,194		387,133	643,099
Charges for Services	3,230			24,790	28,020
Fines, Licenses, and Permits	55,995				55,995
Earnings on Investments	19,386	14,577			33,963
Miscellaneous	3,057	2,337			5,394
<b>Total Cash Receipts</b>	<b>233,157</b>	<b>277,045</b>	<b>0</b>	<b>411,923</b>	<b>922,125</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	147,777	60,735			208,512
Leisure Time Activities	2,714				2,714
Transportation		176,404			176,404
General Government	44,048				44,048
Debt Service:					
Principal Payments			20,000		20,000
Interest Payments			8,166		8,166
Capital Outlay	18,547	4,445		1,605,764	1,628,756
<b>Total Cash Disbursements</b>	<b>213,086</b>	<b>241,584</b>	<b>28,166</b>	<b>1,605,764</b>	<b>2,088,600</b>
Total Cash Receipts Over/(Under) Cash Disbursements	20,071	35,461	(28,166)	(1,193,841)	(1,166,475)
<b>Other Financing Sources/(Uses):</b>					
Proceeds of Notes				1,225,000	1,225,000
Transfers-In		13,500	48,176	75,255	136,931
Transfers-Out	(13,500)	(62,176)	(15,000)	(20,711)	(111,387)
Other Financing Uses				(250)	(250)
<b>Total Other Financing Sources/(Uses)</b>	<b>(13,500)</b>	<b>(48,676)</b>	<b>33,176</b>	<b>1,279,294</b>	<b>1,250,294</b>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	6,571	(13,215)	5,010	85,453	83,819
Fund Cash Balances, January 1	149,630	179,274	5,056	24,275	358,235
<b>Fund Cash Balances, December 31</b>	<b>\$156,201</b>	<b>\$166,059</b>	<b>\$10,066</b>	<b>\$109,728</b>	<b>\$442,054</b>
Reserves for Encumbrances, December 31	\$41	\$411	\$0	\$0	\$452

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

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,159,526	\$	\$1,159,526
Miscellaneous	3,605		3,605
Total Operating Cash Receipts	<u>1,163,131</u>	<u>0</u>	<u>1,163,131</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	293,788		293,788
Fringe Benefits	234,325		234,325
Contractual Services	298,636		298,636
Supplies and Materials	134,997		134,997
Capital Outlay	45,637		45,637
Total Operating Cash Disbursements	<u>1,007,383</u>	<u>0</u>	<u>1,007,383</u>
Operating Income/(Loss)	<u>155,748</u>	<u>0</u>	<u>155,748</u>
<b>Non-Operating Cash Receipts:</b>			
Sale of Fixed Assets	1,100		1,100
Other Non-Operating Cash Receipts		52,549	52,549
Total Non-Operating Cash Receipts	<u>1,100</u>	<u>52,549</u>	<u>53,649</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service:			
Principal	52,865		52,865
Interest	112,474		112,474
Other Non-Operating Cash Disbursements		52,637	52,637
Total Non-Operating Cash Disbursements	<u>165,339</u>	<u>52,637</u>	<u>217,976</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	(8,491)	(88)	(8,579)
Transfers-In	211,546		211,546
Transfers-Out	<u>(237,090)</u>		<u>(237,090)</u>
Net Receipts Over/(Under) Disbursements	(34,035)	(88)	(34,123)
Fund Cash Balances, January 1	<u>418,625</u>	<u>3,014</u>	<u>421,639</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$384,590</u></b>	<b><u>\$2,926</u></b>	<b><u>\$387,516</u></b>
Reserve for Encumbrances, December 31	<u>\$5,024</u>	<u>\$0</u>	<u>\$5,024</u>

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



**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of South Point, Lawrence County (the Village), is a body corporate and politic 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 publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), police services and general Village maintenance.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

*Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

*Fire Department Fund* - This fund receives tax monies assessed and levied on general assessed valuation of real and personal property taxes for the operation of the fire department.

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Funds:

*Fire Truck Bond Fund* - This fund is utilized for the payment of a new fire truck. The purchase is financed by a two mill levy passed by the people of the Village.

*Street Repaving Bond Fund* - This fund is utilized for the payment of the repavement of various streets in the Village.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

*Solida Road Sewer Extension Project Fund* - This fund receives intergovernmental funding and customer tap fees to support the sewer extension construction project.

**5. Enterprise Funds**

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**6. Agency Fund**

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village had the following significant Agency Fund:

*Mayor's Court Fund* - This fund is used to account for the activities of the Village's Mayor's Court.

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	2000
Demand deposits	\$ 729,570
Certificates of deposit	100,000
Total deposits	\$ 829,570

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Fund Type
General	\$ 233,157	\$ 233,157	\$ 0
Special Revenue	290,545	290,545	0
Debt Service	48,176	48,176	0
Capital Projects	1,712,178	1,712,178	0
Enterprise	1,375,777	1,375,777	0
Total	\$ 3,659,833	\$ 3,659,833	\$ 0

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 244,314	\$ 226,627	\$ 17,687
Special Revenue	325,614	304,171	21,443
Debt Service	58,170	43,166	15,004
Capital Projects	2,276,558	1,626,725	649,833
Enterprise	1,506,880	1,414,836	92,044
Total	\$ 4,411,536	\$ 3,615,525	\$ 796,011

**4. PROPERTY TAX**

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

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sub Waterworks Bond (OWDA)	\$ 354,415	7.89%
Step 3 Sewer Bond (OWDA)	37,959	8.47%
1 <sup>st</sup> Mortgage Sewer Bond (OWDA)	977,381	7.89%
Fire Truck Bond	130,000	5.74%
Street Resurfacing Note	311,000	3.35%
Solida Sewer Extension Note	<u>914,000</u>	4.85%
Total	<u>\$ 2,724,755</u>	

The Ohio Water Development Authority (OWDA) bonds are Mortgage Revenue Bonds which were purchased by OWDA in 1989 for the purpose of paying off U.S. Department of Agriculture - Rural Development loans . The Sub Waterworks Bond was for \$460,290 and will be repaid in semiannual installments of \$21,357, including interest, over 25 years. The Step 3 Sewer Bond was for \$49,526 and will be repaid in semiannual installments of \$2,414, including interest, over 25 years. The 1<sup>st</sup> Mortgage Sewer Bond was for \$1,269,357 and will be repaid in semiannual installments of \$58,898, including interest, over 25 years. The bonds are collateralized by water and sewer receipts.

The Fire Truck Bond is a General Obligation Bond which relates to the purchase of a new fire truck. This bond was for \$231,670. Principal on the bond varies and will be repaid annually over 10 years. Interest payments also vary and will be repaid semiannually, over 10 years. The bond is collateralized by the Village's taxing authority.

The Street Resurfacing Note is a Bond Anticipation Note that was purchased by Firststar Bank in anticipation of the issuance of bonds that will be purchased by the United States Department of Agriculture Rural Development. Proceeds of those bonds will be used to retire the note. The note was for \$311,000 and will be retired on May 8, 2001. This note is uncollateralized.

The Solida Sewer Extension Note is a Bond Anticipation Note that was purchased by Firststar Bank in anticipation of the issuance of bonds that will be purchased by the United States Department of Agriculture Rural Development. Proceeds of those bonds will be used to retire the note. The note was for \$914,000 and will be retired on April 5, 2001. This note is uncollateralized.

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**5. DEBT (Continued)**

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

<u>Year ending December 31:</u>	<u>General Obligation Bonds</u>	<u>Bond Anticipation Notes</u>	<u>Mortgage Revenue Bonds</u>
2001	\$ 31,836	\$ 1,225,000	\$ 165,339
2002	30,381		165,339
2003	28,926		165,339
2004	27,480		165,339
2005	30,871		165,339
2006-2010			826,695
2011-2015			658,942
Total	<u>\$ 149,494</u>	<u>\$ 1,225,000</u>	<u>\$ 2,312,332</u>

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self- Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 (the most current information available) generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31:

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	3,863,373	3,461,914
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

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**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Direct from Federal Government:</i>			
Water and Waste Disposal Systems for Rural Communities	N/A	10.760	\$1,153,248
Community Facilities Loan	N/A	10.766	<u>210,925</u>
Total U.S. Department of Agriculture			<u>1,364,173</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Direct from Federal Government:</i>			
Community Oriented Policing Services	N/A	16.710	<u>23,653</u>
Total U.S. Department of Justice			<u>23,653</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$1,387,826</u></u></b>

*The accompanying Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.*

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain federal programs require that the Village contribute non-federal funds (matching funds) to support the federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of South Point  
Lawrence County  
408 Second Street West  
South Point, Ohio 45680

To the Village Council:

We have audited the accompanying financial statements of the Village of South Point, Lawrence County, Ohio (the Village), as of and for the year ended December 31, 2000, and have issued our report thereon dated March 13, 2002. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 13, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration on the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 13, 2002.

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

This report is intended for the information and use of the audit committee, management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 13, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of South Point  
Lawrence County  
408 Second Street West  
South Point, Ohio 45680

To the Village Council:

**Compliance**

We have audited the compliance of the Village of South Point, Lawrence County, Ohio (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The Village's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Village of South Point  
Lawrence County  
Report of Independent Accountants on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 13, 2002

**VILLAGE OF SOUTH POINT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 SECTION .505  
DECEMBER 31, 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Water and Waste Disposal Systems for Rural Communities Loan and Grant - CFDA #10.760
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**VILLAGE OF SOUTH POINT**

**LAWRENCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 11, 2002**